

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

To the bondholders in:

ISIN: NO 001 0833783 - Floatel International Ltd 12.75% USD 75,000,000 2nd Lien Bonds 2018/2024

Oslo, 3 February 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 “**2L Bond Terms**”).

All capitalised terms used, but not defined herein, shall have the same meaning assigned to them in the 2L Bond Terms. References to Clauses and paragraphs are references to Clauses and paragraphs of the 2L 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 2L Bond Terms for the 2L Bondholders to consider an exchange of the 2L Bonds for warrants issued by the Issuer (or its successor) as part of the financial restructuring of the Issuer announced in December 2020.

*The information in this notice (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 Company’s financial situation please refer Company Update December 2020, available on the Company’s website <http://floatel.bm/investors>
- (b) In December 2020 the Issuer announced that, following extensive negotiations with its key stakeholders, it had executed a lock-up agreement on 5 December 2020 with its 49.9% shareholder, FELS Offshore Pte. Ltd (“**Keppel**”), an ad hoc group of 1L Bondholders (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**”). 1L Bondholders holding in excess of 67 per. cent of the 1L Bonds and 2L Bondholders holding in excess of 18 per. cent of the 2L Bonds have acceded to the Lock-Up Agreement.
- (c) 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 Floatel group (the “**Transaction**”) the terms of which are more fully set out in press releases released by the Issuer and published on its website, www.floatel.bm and in the transaction summary attached to this Notice as attachment 3 (the “**Transaction Summary**”).

- (d) On 9 January 2020 the Issuer announced that an agreement (the “**Bank Collateral Discharge Agreement**”) had been reached with the lenders under the Bank Vessel Facility (the “**Bank Facility Creditors**”) for a full discharge of the security over the Bank Collateral Vessel and other security under the Bank Vessel Facility provided that the conditions for such discharge are satisfied (the “**Bank Discharge Conditions**”).
- (e) A Transaction with the support of the 2L Bondholders will either be implemented (i) by the Issuer and include both the Bond Collateral Vessels and the Bank Collateral Vessel in the event the Bank Discharge Conditions are met (a “**5 Rig Transaction**”) or (ii) in the event the Bank Discharge Conditions are not met, by a newly incorporated company (“**NewCo**”) which will acquire certain assets related to the Bond Collateral Vessels and the Common Collateral (a “**4 Rig Transaction**”).
- (f) Any Transaction will *inter alia* involve that the 1L Bonds issued under the 1L Bond Issue (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 exchanged for (i) new bonds in an aggregate principal amount of USD230,000,000 (subject to an immediate USD 30,000,000 prepayment) and (ii) equity interests, in each case issued by either the Issuer (in case of a 5 Rig Transaction) or NewCo (in case of a 4 Rig Transaction) (the “**1L Exchange**”). The 1L Exchange will be implemented through consensual agreements in case of a 5 Rig Transaction with support from both the lenders under the Bank Vessel Facility and the 2L Bondholders, and in the event of a 4 Rig Transaction or a Transaction concluded without the support of 2L Bondholders through an enforcement process as described in the Transaction Summary. The Issuer understands that any enforcement would be conducted pursuant to and in accordance with the provisions of the Intercreditor Agreement.
- (g) On 16 December 2020 the Issuer announced that as part of the Transaction the 2L Bonds will be offered 10-year warrants which will convert into 12% of the equity in the Issuer (or NewCo) with a strike price based on an equity value of USD 424,000,000 (the “**Warrants**”) should the 2L Bondholders pass a bondholder resolution under the 2L Bonds in support of the Transaction (the “**Warrants Offer**”). The terms of the Warrants are further described in the term sheet attached to this Notice as attachment 2 (the “**Warrants Term Sheet**”) The Warrants Offer, as described in the Warrants Term Sheet, continues to apply following the Bank Collateral Discharge Agreement.
- (h) It should be noted that the exchange of 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) for the Warrants (the “**2L Exchange**”) is only intended to take place as part of the Transaction (including either a 4-Rig Transaction or a 5-Rig Transaction). If the Transaction does not complete the 2L Exchange shall not complete.
- (i) If a resolution in support of the 2L Exchange is passed by the 2L Bondholders, the Warrants will be issued by the Issuer in case of a 5 Rig Transaction and Newco in case of a 4 Rig Transaction.
- (j) Per the recent press releases of the Issuer, and as further described in the appended Warrants Term Sheet and Transaction Summary:
 - (i) the Transaction results in all senior financial creditors writing-down significant debt amounts (including all outstanding and unpaid interest) – this is both the 1L

Bondholder (in case of both a 4 Rig Transaction and 5 Rig Transaction) and the Bank Vessel Facility Creditors (in case of a 5 Rig Transaction);

- (ii) the Warrant Offer had been structured to respect the existing ranking of the 1L Bonds and the 2L Bonds such that the strike price was set in alignment with a full 1L Bond recovery of its principal amount, but without interest (and not in excess of that value); and
 - (iii) there is enhanced option for recovery following execution of a settlement agreement with the Bank Vessel Facility Creditors and the inclusion of the valuable Bank Collateral Vessel "Floatel Endurance" as an asset of the Floatel business going forward.
- (k) As described in the appended Transaction Summary, the Transaction can be concluded without the support of the 2L Bonds via an enforcement instructed by the requisite threshold of 1L Bondholders. Therefore, in case the 2L Exchange is not approved by the 2L Bondholders, the Warrants Offer will be withdrawn and the 2L Bonds shall remain at the Issuer in circumstances where the assets of the Issuer (including all Bond Collateral and Common Collateral) are transferred to Newco.
- (l) Certain enquiries have been made of the Issuer in relation to the Warrants Offer:
 - (i) the first related to the strike price for the Warrants, a calculation for which is included in the appended term sheet at the section headed "Exercise Price" which shows that the strike price is set such that the notional 1L Bond recovery is USD 400,000,000 and therefore does not include accrued but unpaid 1L Bond interest; and
 - (ii) the second related to the ancillary terms for the Warrants, including anti-dilution protections which are set out in the appended term sheet at the section headed "Adjustments".
- (m) The Issuer proposes to convene a conference call for the benefit of the 2L Bondholders to address any questions that 2L Bondholders may have in connection with this Notice. The Issuer proposes to hold such call on Tuesday 9 February 2021 at 15:30 CET and any 2L Bondholder may participate in such call by delivering proof of holdings in the 2L Bonds to the Bond Trustee.
- (n) In the event the proposal receives the necessary support of the 2L Bondholders, the Issuer has confirmed that they will work with the 2L Bond Trustee to document the Warrants and agree mechanics for the 2L Exchange, in each case consistent with the description of the Warrants and the process as set out in this Notice. The Warrants will be distributed to the 2L Bondholders in a similar way as the equity interests in the Issuer or NewCo (as the case may be) are distributed to the 1L Bondholders as part of the 1L Exchange.

2 PROPOSAL

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

“To approve and accept the terms of the Warrants Offer as detailed in the appended Warrants Term Sheet, and 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) are exchanged with the Warrants as per the 2L Exchange.

To approve that additional interest accruing on the 2L Bonds after October 2020 shall be cancelled.

To instruct the Bond Trustee to take all steps required to effect the 2L Exchange, for the avoidance of doubt whether such 2L Exchange occurs as part of a 4-Rig Transaction or a 5-Rig Transaction (each as described in Section 1 above and the Transaction Summary), in either case provided only that the Bond Trustee has confirmation (in form and substance satisfactory to them (acting reasonably) that the 2L Exchange shall only complete if the 1L Exchange described in this notice is also required to complete.”

3 FURTHER INFORMATION

For further information, 2L Bondholders may contact the Bond Trustee, att. Vivian Trøsch 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 andrew.wilkinson@weil.com; clare.cottle@weil.com and mahir.quraishi@rothschildandco.com.

4 EVALUATION OF THE PROPOSAL

The request is put forward to the 2L Bondholders without further evaluation or recommendations from the Bond Trustee. Nothing herein shall constitute a recommendation to the 2L Bondholders from the Bond Trustee. Each 2L Bondholder should independently evaluate the proposal and vote accordingly.

5 WRITTEN BONDHOLDERS' RESOLUTION:

The 2L Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 16.5 (*Written Resolutions*) of the 2L Bond Terms. For the avoidance of doubt, no Bondholders' Meeting will be held with respect to the Proposal.

“The Proposal (as defined in section 2 of this Notice) is approved.

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.”

The Proposal will be passed if either: (a) 2L 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 2L Bonds that timely responded to the Notice.

Voting Period: The Voting Period shall expire on Friday 12 February 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 2L 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 2L 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: Warrants Term Sheet
Attachment 3: Transaction Summary

Attachment 2

FLOATEL

WARRANTS TERM SHEET

Capitalised terms not otherwise defined herein, shall have the same meaning as defined in the summons to which this term sheet is attached and/or the 2L Bond Terms.

Issuer	Floatel International Ltd (the “ Issuer ”) in the 5-Rig Transaction or Floatel Newco Limited (“ Newco ”) in the 4-Rig Transaction.																											
Warrant Holders	2L Bondholders (subject to them passing a resolution consenting to the Transaction)																											
Warrant Shares	Warrants (“ Warrants ”) issued to the 2L Bondholders to subscribe in aggregate for common shares in the Issuer or Newco in an amount representing 12% of the Issuer’s or Newco’s fully diluted common share capital as at the Completion Date (the “ Common Shares ”), subject to adjustment as, and on the terms, set out below.																											
Issue Date	The Warrants will be issued on completion of the Transaction (the “ Completion Date ”) to the Warrant Holders.																											
Exercise Price	<p>Exercise Price per warrant share calculated based on an equity value of the Issuer of \$424m, subject to the adjustments set out below (the “Exercise Price”). An illustrative example of the equity value calculation is below.</p> <table><tr><th colspan="3">Warrant strike equity value (\$m)</th></tr><tr><td>Cash payout</td><td>7.50%</td><td>\$30</td></tr><tr><td>Reinstated 1L debt</td><td>50.00%</td><td>200</td></tr><tr><td>Implied equity value for 100% recovery</td><td>42.50%</td><td>170</td></tr><tr><td>Total 1L principal claim</td><td>100.00%</td><td>\$400</td></tr><tr><td colspan="3"> </td></tr><tr><td>Implied equity value for 100% recovery for 1L Bonds (A)</td><td></td><td>\$170</td></tr><tr><td>1L Bonds equity ownership (B)</td><td></td><td>40.08%</td></tr><tr><td>"Strike" equity value (A / B)</td><td></td><td>\$424</td></tr></table>	Warrant strike equity value (\$m)			Cash payout	7.50%	\$30	Reinstated 1L debt	50.00%	200	Implied equity value for 100% recovery	42.50%	170	Total 1L principal claim	100.00%	\$400				Implied equity value for 100% recovery for 1L Bonds (A)		\$170	1L Bonds equity ownership (B)		40.08%	"Strike" equity value (A / B)		\$424
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Exercise Period	<p>All outstanding Warrants may be exercised, in full or in part, at any time prior to (i) the occurrence of an Exit Event or (ii) the tenth anniversary of the Completion Date, whichever is earlier, and shall lapse thereafter.</p> <p>The Issuer will give the Warrant Holders at least 10 Business Days’ notice of any Exit Event.</p> <p>“Exit Event” means a Change of Control of the Issuer, a sale of all or substantially all of the assets of the Issuer or an initial public offering of the Common Shares of the Issuer.</p> <p>“Change of Control” means, if (i) any person or group of affiliates/persons acting together gains control, directly or indirectly, over more than 50% (or in the case of Keppel Corporation and its affiliates, more than 60%) of the shares of the Issuer at any time, provided that in either case and for the avoidance of doubt, if such voting shares are held by a nominee then such shares are deemed to be held by the beneficial owners thereof.</p>																											
Adjustments	The number of Warrant Shares issuable will be subject to customary anti-dilution protection in the event of: (i) a subdivision, split, consolidation or redesignation of share capital; (ii) reduction, redemption or repurchase of share capital; or (iii) an issue of shares paid up by way of dividend or by a capitalisation of profits or reserves (or, in each case, any similar event) (each, an “ Adjustment ”).																											

	<p>Event”). No Adjustment Event will occur upon a bona fide issue of new equity at fair market value; Warrant Holders will not be entitled to participate in such a capital raise.</p> <p>If there is an Adjustment Event whilst any of the Warrants are outstanding, the number of Warrant Shares to be, or capable of being, subscribed on any subsequent exercise of the Warrants and the Exercise Price will be adjusted in such manner to be necessary in order that, after such adjustment:</p> <ol style="list-style-type: none"> 1. the total number of Warrant Shares to be, or capable of being, subscribed on any subsequent exercise of the rights conferred by the Warrants: <ol style="list-style-type: none"> a. will carry as nearly as possible (and in any event not less than) the same proportion (expressed as a percentage of the total number of votes exercisable in respect of all the Common Shares) of the votes; and b. will carry the same entitlement (expressed as a percentage of the total entitlement conferred by all the Common Shares) to participate in the profits and assets of the Issuer, <p>as would the total number of Warrant Shares which could have been subscribed pursuant to the rights conferred by the Warrants had there been no such Adjustment Event; and</p> 2. the aggregate Exercise Price payable in order to subscribe for all the outstanding Warrant Shares will be the same as it was prior to such adjustment.
Voting and Governance Rights	None.
Transfers restrictions	Transfers of Warrants are freely permitted, subject to the transferees not being (i) subject to sanctions; or (ii) a competitor in relation to the business of the Issuer or Newco and their subsidiaries without the prior written consent of the Issuer or Newco; or (iii) a competitor in relation to the vessel building/repair business of Keppel and its affiliates without the prior written consent of Keppel.
Approvals	The Issuer will maintain the necessary approvals and authorities it requires to issue the Warrants Shares upon exercise of the Warrants.
Variation	The terms and conditions of the Warrants held by the Warrant Holder(s) may be modified only with the prior sanction of the Issuer and the consent in writing of the Warrant Holder(s) entitled to the right to subscribe for at least 50 per cent. of the Warrant Shares which may be issued pursuant to such Warrants, save that modifications which are of a purely formal, minor or technical nature or made to correct a manifest error may be effected by way of deed poll executed by the Issuer.
Governing law and legal effect	<p>This term sheet is not intended to, nor is it to be construed as, giving rise to any legally binding obligations on any party, with the exception of the obligations set out in this section.</p> <p>This term sheet and all matters (including, without limitation, any contractual or non-contractual matters) arising from, or connected with, it are governed by, and will be construed in accordance with English law and the parties irrevocably submit to the jurisdiction of the English courts in respect of any disputes arising out of this term sheet.</p>

Key Commercial Terms of the Transaction

All capitalised terms used, but not defined herein, shall have the same meaning assigned to them in the “Notice of a Written Resolution” in respect of the 2L Bonds dated 3 February 2021 (the “**Notice**”)

Revolving credit facilities	<ul style="list-style-type: none"> ○ New \$100.0m revolving credit facility secured by substantially same security package as existing Revolving Credit Facilities over four rigs (in a 4 Rig Transaction) or over five rigs (in a 5 Rig Transaction) (“New RCF”) ○ Credit support provided to New RCF lenders by Keppel through a risk participation agreement
1L Bonds	<ul style="list-style-type: none"> ○ Existing 1L Bonds (claims in respect of principal as well as interest which fell due under the 1L Bonds on 11 April 2020 and 11 October 2020) are exchanged for (i) reinstated 1L Bonds and (ii) post-restructuring equity as set out below ○ \$230.0m of existing 1L Bonds reinstated as two separate bonds: <ul style="list-style-type: none"> • \$115.0m 1L cash-pay bonds (“Cash Bond”) <ul style="list-style-type: none"> - 6.00% annual cash interest - Maturity: 5.5 years from completion of the restructuring • \$115.0m 1L PIK bonds (“PIK Bond”) <ul style="list-style-type: none"> - 10.00% PIK interest per annum - Maturity: 5.5 years from completion of restructuring ○ Post closing, the Cash Bond and PIK Bond will receive an aggregate cash payment of \$30.0m, reducing each to \$100.0m ○ Remaining 1L Bonds equitized into 40.08% post-restructuring equity, subject to dilution from Warrants
Covenants	<ul style="list-style-type: none"> ○ 1.30x minimum asset coverage ratio for Permitted Investments incurrence test only ○ \$10.0m minimum liquidity covenant in 2023 and \$15.0m from Q1-2024
Bank Vessel Facilities (“BVF”)	<ul style="list-style-type: none"> ○ BVF claims released upon receipt of the \$46.0m settlement sum (the “Settlement Sum”) in accordance with terms of Collateral Discharge Agreement (as defined in the announcement made by Floatel International Ltd on 9 January 2021) ○ Completion of the Collateral Discharge Agreement is conditioned upon securing and satisfying all conditions precedent to the New RCF which will be drawn to fund the Settlement Sum to the BVF lenders ○ If the Collateral Discharge Agreement conditions are not satisfied, the Issuer would work towards a 4 Rig Transaction
2L Bonds	<ul style="list-style-type: none"> ○ To receive 10.0-year warrants for 12.00% of post-restructuring equity, strike price based on an equity value of USD 424.0m (“2L Warrants”) on the condition that the 2L Bondholders pass a resolution approving the 2L Exchange
Keppel Subordinated Loan	<ul style="list-style-type: none"> ○ No recovery
Equity	<ul style="list-style-type: none"> ○ Keppel receives 49.92% of post-restructuring common equity in recognition of credit support to New RCF, subject to dilution from Warrants ○ Management receives 10% of post-restructuring common equity, subject to dilution from Warrants ○ Existing shareholders (other than Keppel) to receive 10.0-year warrants for 5.00% of post-restructuring equity, strike price based on an equity value of USD 625.0m (the “Shareholder Warrants”, and together with the 2L Warrants, the “Warrants”)

Implementation

- In all cases, the 2L Warrants offer is contingent upon 2L Bondholders passing a resolution in support of the 2L Exchange
- Key conditions to completion are finalising and satisfying customary conditions precedent for the New RCF in a timely manner
- The 2L Warrants offer remains the same regardless of whether a 4 Rig Transaction or a 5 Rig Transaction is concluded and the proposal in the Summons covers both a 5 Rig Transaction and a 4 Rig Transaction
- As at the date of the Summons, the Issuer is working to complete a 5 Rig Transaction with the benefit of the Collateral Discharge Agreement

5 Rig Transaction with 2L Support

- The 5 Rig Transaction is implemented via a series of consensual agreements and resolutions to complete the transaction
- Warrants and debt are issued by the Issuer
- No corporate reorganization required

Any other transaction (i.e. 5 Rig Transaction without 2L Support or a 4 Rig Transaction with or without 2L support)

- Corporate reorganisation required and all relevant assets transferred to Floatel Newco Limited (“**Newco**”)
 - Bond Issue Collateral being transferred as part of 1L Bondholder-instructed enforcement if 2L Bondholders do not approve the 2L Exchange
- Additional steps to address BVF interest in Common Collateral may be required only if Collateral Discharge Agreement is terminated and a 4 Rig Transaction is required
- Shareholder Warrants and debt are issued by Newco
- 2L Warrants issued by Newco if 2L Exchange is approved
 - Absent such approval 2L Bonds remain outstanding at the Issuer following the 1L Bondholder-instructed security enforcement