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## To the bondholders in:

**ISIN NO 001 067014.4 - “FRN DOF Subsea AS Senior Unsecured Bond Issue 2013/2020”  
 (“DOFSUB07”)**

Oslo, 8 October 2019

## Summons to Bondholders’ Meeting

Nordic Trustee AS acts as bond trustee (the “**Bond Trustee**”) for the Bondholders in the above-mentioned bond issue DOFSUB07 (the “**Bonds**” or “**DOFSUB07**”) issued by DOF Subsea AS (the “**Issuer**” or the “**Company**”) under the bond agreement dated 16 January 2013 (as amended on 19 December 2017 and on 13 September 2019) (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 Issuer has requested that the Bond Trustee issue this request for a Bondholders’ Meeting pursuant to Clause 16 (Bondholders’ Meeting) of the Bond Agreement to consider approval of the Proposal (as defined below).

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

### 1. BACKGROUND

#### 1.1 Background

DOF Subsea is a leading provider of subsea services in all the major oil and gas production regions around the world. The Company has currently a fleet of 27 subsea vessels, 74 ROVs, and a firm backlog of NOK 13.8 billion as per 2Q 2019.

The Group operates in a capital intensive industry and is financed by approx. NOK 11 billion of secured debt from financial institutions and NOK 2.6 billion of unsecured bond debt (at current exchange rates). The secured debt has a long-term repayment profile (typically 5-10% of original balance each year), under which the Company has repaid approx. NOK 1.2 billion every year. This has been possible by a combination of contracted earnings and access to ordinary financing and refinancing.

DOF Subsea is currently experiencing continued challenging subsea market with low utilisation and depressed day rates. Current earnings are not sufficient to support the current amortization plan and there are imbalances in earnings and liquidity between entities within the Group. In addition, the market for financing and refinancing has become significantly more challenging triggered by a negative change in sentiment, and the Group has experienced that regular rollover (refinancing) of existing loan facilities is challenging. On a general basis, a number of banks have decided to reduce their exposure or exit the offshore oil and gas industry through not providing new loans to companies in the industry.

The combined effect of the above is that capital markets are closed for any additional fundraising and from a planning perspective and that ordinary financing and refinancing in the bank market is expected to remain challenging. The Group faced challenges with refinancing of a regular rollover in May and has obtained a short-term runway until end November 2019, and immediate measures are required to secure both a short term and a long term liquidity runway.

## 1.2 Financial plan

The main objective is to structure a new financial plan with a debt repayment schedule and covenant structure that is aligned with the current market environment and establish a viable long-term platform to secure operational and financial stability until the market has recovered.

A long-term solution will involve all stakeholders including shareholders, secured lenders and unsecured bondholders.

### Shareholders

The Group is in discussions with its owners regarding a new capital injection to strengthen the liquidity. Any potential capital injection will be contingent on an agreement being reached with the secured lenders and the bondholders in the three outstanding bond issues.

### Secured lenders

The Company is in constructive dialogue with the majority of the secured lenders to the "**Refinancing Group**" (being the DOF Subsea Group excluding any joint ventures) regarding a long-term financial plan.

- The Refinancing Group has approximately NOK 5.9 billion of secured bank debt.
- NOK 0.2 billion obligations relating to equipment leases are excluded and not party to current debt negotiations.

### Unsecured bondholders

The Company has initiated discussions with some of the larger bondholders of all three bond issues including DOFSUB07, the bond issue with ISIN NO 001 078817.7 - "DOF Subsea AS 9.50% Senior Unsecured Bond Issue 2017/2022" ("**DOFSUB08**"), and the bond issue with ISIN NO 001 083681.0 - "FRN DOF Subsea AS Senior Unsecured Bond Issue 2018/2023" ("**DOFSUB09**").

## 1.3 Current status

Discussions with all stakeholders are and have been constructive, however additional time will be required to reach an agreement on all terms.

The Issuer hereby requests a short term deferral of instalments under the DOFSUB07 Bond Agreement until a long-term solution is agreed by all stakeholders. The Company is also in discussions regarding extension of the maturity on the bank loan previously mentioned, currently due on 28 November 2019.

Interest payments will continue to be paid in cash as usual. There will be no impact on operations or operational payments during this period.

## **2. THE PROPOSAL**

The Issuer has requested the Bond Trustee to summon a Bondholders' Meeting under the Bond Agreement to consider approval of the following proposed amendments to the Bond Agreement (the "Proposal"):

### **Amendment to Clause 10.1 (Maturity):**

*"10.1.1 The Bonds shall be repaid pro rata by the Issuer by way of the Scheduled Instalment on the earlier of (i) 2 Business Days prior to the final maturity date applicable at any given time under any of the Group's secured facility agreements and (ii) 20 December 2019, and shall be repaid at par (100%) by the Issuer (plus accrued interest). The remaining Bonds that have not been repaid shall mature in full on the Maturity Date (and shall be repaid at par (100%) by the Issuer (plus accrued interest)."*

*"10.1.2 If the final maturity date under any of the Group's secured facility agreements falls prior to 20 December 2019, the Issuer will, without being requested to do so, inform the Bond Trustee in writing no later than 2 Business Days prior to the due date of the Scheduled Instalment pursuant to Clause 10.1.1 above."*

## **3. EVALUATION OF THE PROPOSAL**

### **3.1 The Issuer's evaluation**

The Issuer is firmly of the opinion that the Proposal represents the best alternative available in order to reach a long term solution during 4<sup>th</sup> quarter 2019 involving all stakeholders, and therefore is reasonable considering the circumstances.

### **3.2 The Trustee's disclaimer/non-reliance**

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

### **3.3 Further information**

For further information about the Issuer, please visit the Issuer's website [www.dofsubsea.com](http://www.dofsubsea.com).

The Issuer has engaged ABG Sundal Collier ASA and Pareto Securities AS as its financial advisors (the "Advisors") with respect to the Proposal. Accordingly, Bondholders may contact ABG Sundal Collier ASA at +47 22 01 61 66 or Pareto Securities AS Fixed Income Sales at +47 22 87 87 70 for further information.

The Advisors are acting solely for, and relying on information from, the Issuer in connection with the Proposal. No due diligence investigations have been carried out by the Advisors with respect to the Issuer, and the Advisor does not assume any liability in connection with the Proposal (including but not limited to the information contained herein).

#### 4. BONDHOLDERS' MEETINGS:

Bondholders are hereby summoned to Bondholders' Meetings in each of the Bond Issues:

**Time:** 22 October 2019 at 13.00 hours (1 pm) (Oslo time),  
**Place:** The premises of Nordic Trustee AS,  
Kronprinsesse Märthas Plass 1, 0161 Oslo - 7<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 proposal:

#### **It is proposed that the Bondholders' Meetings resolve the following:**

*“The Proposal (as defined in section 2 above) is approved by the Bondholders' Meeting.*

*The Bond Trustee is given the power of attorney to enter into the necessary agreements in connection with decisions made by the Bondholders' Meetings as well as carry out necessary completion work, including making necessary amendments to the Bond Agreement.”*

To approve the above resolution, 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 5/10 of the voting Bonds must be represented at the meeting. If the proposal is not 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 – please see the first page of this letter for further details).

At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. 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 Banking Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee AS**



Ellen Søliland

Enclosed: Bondholder's Form