



Shelf Drilling (North Sea) Holdings, Ltd. 9.875% senior secured USD 315,000,000 bonds 2024/2028

Terms:

Documentation:

The Loan Agreement ¹⁾ is described more closely in Standard Terms

Before investing in the bond, the investor is encouraged to become familiar with relevant documents such as this term sheet, the Loan Agreement and the Issuer's financial accounts and articles of association and if relevant, admission document, cf. ABM-rules section 2.7.2.3. The documents are available with the Issuer and in Relevant Places. In the case of any discrepancies between the Loan Agreement and this term sheet, the Loan Agreement will apply.

Relevant places:

<https://www.shelfdrillingnorthsea.com/>

Issuer:

Shelf Drilling (North Sea) Holdings, Ltd

Borrowing Limit – Tap Issue:

USD 315,000,000 – No Tap Issue

Loan Amount: ²⁾

USD 315,000,000

Disbursement Date: ³⁾

Issue Date (22 May 2024)

Maturity Date: ⁴⁾

22 November 2028

Interest Rate:

9.875 per cent p.a.

Yield on Disbursement Date:

100 per cent (par)

Day Count Fraction– Interest rate: ⁵⁾

30/360

Business Day Convention: ⁶⁾

Unadjusted.

Interest Payment Date(s): ⁷⁾

22 May and 22 September each year.

Interest accrual date:

Issue Date (22 May 2024)

Date until which interest accrues:

Maturity Date (22 November 2028)

Status of the loan: ⁸⁾

Senior secured

Issue Price: ⁹⁾

98.350 per cent of the Nominal Amount

Denomination:

USD 1.00

Call: ¹⁰⁾

Redemption Date(s):	See Special (distinct) conditions	Price:	See Special (distinct) conditions
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Issuer's org. number/LEI number:

391784 / 391200HRLL06SMV8N585

Number / Codes:

Sector code:	9100	Geographic code:	820	Industry (trade) Code:	09101
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Usage of funds:

The Net Proceeds shall exclusively be employed for (a) refinancing of the Existing Debt, (b) repayment of the SDHL Funding, and (c) general corporate purposes of the Group.

Approvals / Permissions:

Please refer to Clause 1.1 (*Definitions*) of the Loan Agreement for definitions.

- The issuance is approved by the board of directors on 20 May 2024.
- The admission document has been inspected by Oslo Børs, cf. ABM-rules sec 2.7 Nordic Trustee AS, Postboks 1470 Vika, NO-0116 Oslo, Norway

Trustee:

Nordic Trustee AS, Postboks 1470 Vika, NO-0116 Oslo, Norway

Arranger(s):

DNB Markets, part of DNB Bank ASA, Arctic Securities AS and Clarksons Securities AS.

Paying Agent:

DNB Bank ASA

Securities Depository:

Verdipapirsentralen ASA (Euronext VPS)

FISN- and CFI-code:

FISN: Shelf Drilling/9.875 BD 20281122, CFI: DBFGBR

Market Making:

No market-maker agreement has been entered into for the issuance of the bonds.

MiFiD II target market of end clients:

Professional Clients/Retail Clients/Eligible Counterparty
None PRIIPS or UK PRIIPS, No KID

Withholding tax: ¹¹⁾

Gross up.

Special (distinct) conditions:

Redemption of Bonds

The Bonds shall be repaid by the Issuer (by way of redemption of Bonds) as follows:

- (i) in an aggregate Nominal Amount of USD 10,000,000 (the "**Amortisation Amount**") commencing on (and including) the Interest Payment Date falling 12 months after the Issue Date and on each subsequent Interest Payment Date; and
- (ii) in an aggregate Nominal Amount equal to all remaining Outstanding Bonds, on the Maturity Date,

in each case at a price equal to 100 per cent. of the Nominal Amount of the redeemed Bonds (plus accrued and unpaid interest on the redeemed Bonds).

Any Amortisation Amount will be used for *pro rata* payment to the Bondholders in accordance with the applicable regulations of the CSD.

If some but not all of the Bonds have been redeemed pursuant to the Call Option, the Amortisation Amount for each subsequent amortisation payment shall be reduced *pro rata* based on the proportion that the aggregate Nominal Amount of all Bonds redeemed pursuant to the Call Option bears to the aggregate Nominal Amount of all Bonds issued on the Issue Date.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.1 (*Redemption of Bonds*) for the amortisation schedule.

Voluntary early redemption – Call Option

The Issuer may redeem all or part of the Outstanding Bonds (the "**Call Option**") on any Business Day from and including:

- (i) the Issue Date to, but excluding, the First Call Date at a price equal to the Make Whole Amount;
- (ii) the First Call Date to, but not including, the Interest Payment Date in November 2026 at a price equal to 104.938 per cent. of the Nominal Amount of each redeemed Bond;
- (iii) the Interest Payment Date in November 2026 to, but not including, the Interest Payment Date in May 2027 at a price equal to 102.469 per cent. of the Nominal Amount for each redeemed Bond;
- (iv) the Interest Payment Date in May 2027 to, but not including, the Interest Payment Date in November 2027 at a price equal to 101.00 per cent. of the Nominal Amount for each redeemed Bond; and
- (v) the Interest Payment Date in November 2027 to, but not including, the Maturity Date at a price equal to 100.00 per cent. of the Nominal Amount for each redeemed Bond.

Any redemption of Bonds pursuant to (i) to (v) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date.

The Call Option may be exercised by the Issuer by written notice to the Bond Trustee at least 10 Business Days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date. Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the Call Option, the Issuer shall calculate the Make Whole Amount and provide such calculation by written notice to the Bond Trustee as soon as possible and at the latest within 3 Business Days from the date of the notice.

Any Call Option exercised in part will be used for *pro rata* payment to the Bondholders in accordance with the applicable regulations of the CSD.

Any redemption notice given in respect of the Call Option may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent, in which case the exercise of the Call Option will be automatically cancelled unless such conditions precedent have been satisfied or waived by the Issuer at least three Business Days prior to the Call Option Repayment Date.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.2 (*Voluntary early redemption – Call Option*).

Mandatory repurchase due to a Put Option Event

Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "**Put Option**") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.00 per cent. of the Nominal Amount (plus accrued interest).

The Put Option must be exercised within 15 Business Days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 (*Put Option Event*). Once notified, the Bondholders' right to exercise the Put Option is irrevocable.

Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifth Business Day after the end of 15 Business Days exercise period referred to above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Repayment Date.

If Bonds representing more than 90.00 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3 of the Loan Agreement, the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price equal to 101 per cent referred to above by notifying the remaining Bondholders of its intention to do so no later than 10 Business Days after the Put Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

Early redemption option due to a tax event

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100.00 per cent. of the Nominal Amount.

The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least 20 Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 40 Business Days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.4 (*Early redemption option due to a tax event*).

Mandatory early redemption due to a Mandatory Redemption Event

Upon a Mandatory Redemption Event, the Issuer shall, within five Business Days after the Mandatory Redemption Event, redeem all of the Outstanding Bonds at a price equal to 98.350 per cent of the Nominal Amount for each redeemed Bond plus accrued interest, by inter alia applying the funds deposited on the Escrow Account for such redemption.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.5 (*Mandatory early redemption due to a Mandatory Redemption Event*).

Mandatory Redemption due to a sale or Total Loss

If any Collateral Rig or any shares or ownership interests in any Rig Owner are sold or otherwise disposed of in whole or in part (other than to another Group Company in accordance with paragraph (h) of Clause 13.18 (*Rig covenants*) or any Collateral Rig becomes a Total Loss, then the Issuer shall on the Relevant Date redeem Bonds in an amount equal to:

- (i) in respect of Shelf Drilling Barsk, USD 100,000,000; and
- (ii) in respect of any other Collateral Rig, USD 65,000,000,

at a price equal to:

- (A) in the case of any such sale or disposal, the lower of:
 - (1) 101.350 per cent of the Nominal Amount; and
 - (2) the call price that would have applied if such redemption had taken place by way of a Call Option exercised on the date on which such sale or disposal is completed; and
- (B) in the case of a Total Loss, 100 per cent of the Nominal Amount.

In the above, "**Relevant Date**" means:

- (i) in the case of a sale or other disposal of a Collateral Rig or any shares or ownership interests in any Rig Owner, no later than five Business Days after the date on which such sale or disposal is completed; and
- (ii) in the case of a Total Loss of a Collateral Rig, on the earlier of:
 - (A) the date falling 180 days after the occurrence of such Total Loss, as finally determined by the relevant insurers or a competent court or tribunal; and
 - (B) no later than five Business Days after the date of receipt by any Group Company or the Bond Trustee (or, in each case, its nominee) of the insurance proceeds (or other damages payment from third parties).

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 10.6 (*Mandatory Redemption due to a sale or Total Loss*).

Undertakings

Information undertakings

The Issuer shall comply with certain information undertakings set forth in the Loan Agreement Clause 12 (*Information undertakings*) (including delivering certain annual and interim accounts, a reserves report etc.).

General and financial undertakings/covenants

The Issuer shall, and shall ensure that all other Group Companies (where applicable) will comply with the undertakings set forth in the Loan Agreement Clause 13 (*General and financial undertakings*).

Issuer's acquisition of bonds

The Issuer and any Group Company may purchase and hold bonds, and such bonds may be retained, sold or cancelled in the Issuer's sole discretion, including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

Supplementary information about status of the loan and collateral: ⁸⁾

Status

The Bonds shall constitute senior debt obligations of the Issuer, secured on a first priority basis by the Transaction Security Documents. The Bonds shall rank pari passu between themselves and at least pari passu with all other obligations of the Issuer other than obligations which are mandatorily preferred by law.

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions and Clause 2.4 (*Status of the Bonds*).

Transaction Security

As Security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that the following Transaction Security is granted in favour of the Security Agent on behalf of the Secured Parties with first priority, subject to the Agreed Security Principles, liens arising by operation of law and any mandatory limitations arising under any applicable law:

- (i) the Escrow Account Pledge;
- (ii) a first priority charge by Midco over all the shares (100 per cent) in the Issuer;
- (iii) a Guarantee from each Guarantor;
- (iv) a first priority assignment of any Subordinated Loans made to the Issuer;
- (v) a first priority charge over all of the shares (100 per cent) in each Guarantor (other than the Ultimate Parent and the Parent);
- (vi) a first priority assignment of any Intercompany Loans;
- (vii) a first priority assignment of any Subordinated Loans made to Midco;
- (viii) a first priority mortgage over each of the Collateral Rigs including all relevant equipment owned by the Rig Owners and being part of any Collateral Rigs under applicable law (including any declaration of pledge or deed of covenants supplemental to such mortgage and to the security created under it in favour of the Bond Trustee), subject to the Drilling Contract Lien Restriction and any applicable Quiet Enjoyment Letter (the "**Mortgages**");
- (ix) a first priority assignment of all Earnings payable to any Rig Owner or Charter Company, subject to any restrictions contained in any Third Party Charter Contract or any applicable Quiet Enjoyment Letter;
- (x) an assignment of any bareboat charter or sub-charter contracts between Group Companies for the Collateral Rigs;
- (xi) a first priority floating charge, debenture or similar security created by each Rig Owner and Charter Company (if permitted in the relevant jurisdiction of its incorporation) and if relevant subject to any applicable Quiet Enjoyment Letter; and
- (xii) a first priority assignment of all Insurances related to each of the Collateral Rigs payable to the Rig Owners and/or any Group Company (to the extent any such other Group Company is co-assured under such Insurances).

Please refer to the Loan Agreement Clause 1.1 (*Definitions*) for definitions, Clause 2.5 (*Transaction Security*) for more about the transaction security and Attachment 3 (*Agreed Security Principles*) for the agreed security principles of which the Transaction Security is made subject to.

Standard terms: *If any discrepancy should occur between this Loan description and the Loan Agreement, then the Loan Agreement should apply.*

<p>Loan Agreement: ³⁾</p>	<p>The Loan Agreement will be entered into between the Issuer and the Trustee prior to Disbursement Date. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the Issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.</p> <p>When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement. For tap issues, the Loan Agreement will apply for later issues made within the Borrowing Limit. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.</p>
<p>Open / Close: ^{3) 4)}</p>	<p>Tap Issues will be opened on Disbursement Date and closed no later than five bank days before Maturity Date.</p>

Disbursement date: ³⁾	Payment of the First Tranche / Loan Amount takes place on the banking date ahead of Disbursement Date as agreed with the Manager(s). In case of late payment, the applicable default interest rate according to "lov 17. desember 1976 nr 100 om renter ved forsinket betaling m.m." will accrue.
Expansions – Tap Issues: ²⁾	For Tap Issues the Issuer can increase the loan above the First Tranche/Loan Amount. For taps not falling on Interest Payment Dates, Accrued Interest will be calculated using standard market practice in the secondary bond market. The Issuer may apply for an increase in the Borrowing Limit.
Issue price – Tap Issues: ⁹⁾	Any taps under the Tap Issue will be made at market prices.
Interest Period: ⁷⁾	The interest rate is due in arrears on the Interest Payment Date. The first Interest Rate is paid on the first Interest Payment Date after Disbursement Date. The subsequent period runs from this date until the next Interest Payment Date. Last Interest Payment Date corresponds to Maturity Date.
Day Count Fraction– Interest rate: ⁵⁾	Interest shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days, in case of a non-finished month the actual number of calendar days (30/360-basis), with the exception of periods where <ul style="list-style-type: none"> a) the last day in the period is the 31st calendar day, and the first day of the period is neither the 30th nor the 31st of the month, in which the month containing the period shall not be reduced to 30 days; or b) the last day of the period is the last calendar day in February, in which February shall not be extended to a 30-day month.
Standard Business Day Convention ⁶⁾	Interest Payment Date will not be moved even if it is on a day that is not a banking day. If Interest Payment Date is not a banking day, payments will be made on the following banking day.
Accrued interest:	Accrued Interest rates for trades in the secondary bond market are calculated on the basis of current recommendations of Norske Finansanalytikerers Forening (<i>The Norwegian Society of Financial Analysts</i>).
Condition – Call: ¹⁰⁾	Exercise of Call shall be notified by the Issuer to the Bondholders and the Bond Trustee at least ten Business Days prior to the relevant Call Date. Partial exercise of Call shall be carried out pro rata between the Bonds (according to the procedures in the Securities Register).
Registration:	The loan must prior to disbursement be registered in the Securities Depository. The bonds are being registered on each Bondholders account or nominee account in the Securities Depository.
Issuer's acquisition of bonds:	The Issuer has the right to acquire Bonds and to retain, sell or discharge such Bonds in the Securities Depository. Subordinated bonds may not be purchased, sold or discharged by the Issuer without the consent of Finanstilsynet, provided that such consent is required.
Amortisation: ⁴⁾	The bonds will run without instalments and be repaid in full on Maturity Date at par, provided the Issuer has not called the bonds.
Redemption:	Matured interest rate and matured principal will be credit each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
Sale:	Tranche 1/ Loan amount has been sold by the Arranger. Later taps can also take place by other authorized investment firms.
Legislation:	Disputes arising from or in connection with, the Loan Agreement which are not resolved amicably, shall be resolved in accordance with Norwegian law and the Norwegian courts. Legal suits shall be served at the Trustee's competent legal venue.
Fees and expenses:	Any public fees payable in connection with the Bond Agreement and fulfilling of the obligations pursuant to the Bond Agreement shall be covered by the Issuer. The Issuer is not responsible for reimbursing any public fees levied on the trading of Bonds.
Withholding tax: ¹¹⁾	The issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the bonds. In case of Gross up, the issuer shall be liable to gross up any payments in relation to the bonds by virtue of withholding tax, public levy or similar taxes. In case of No gross up, the issuer shall not be liable to gross up any payments in relation to the bonds by virtue of withholding tax, public levy or similar taxes.

8 November 2024