

# PROSPECTUS



## ODFJELL DRILLING LTD

(An exempted company limited by shares incorporated under the laws of Bermuda)

**Listing of 38,000,000 new common shares issued in connection with a private placement completed on 19 April 2018  
Subsequent offering of up to 3,775,162 new common shares at a subscription price of NOK 36 per share with subscription  
rights for eligible shareholders and listing of such shares**

This prospectus (the "**Prospectus**") has been prepared in connection with (i) the listing by Odfjell Drilling Ltd (the "**Company**"), an exempted company limited by shares incorporated under the laws of Bermuda (together with its consolidated subsidiaries, "**Odfjell Drilling**" or the "**Group**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**") of 38,000,000 new common shares in the Company with a par value of USD 0.01 each (the "**Private Placement Shares**") issued at a subscription price of NOK 36 per Private Placement Share in connection with a private placement completed on 19 April 2018 (the "**Private Placement**") and (ii) the subsequent offering and listing (the "**Subsequent Offering**") on the Oslo Stock Exchange of up to 3,775,162 new common shares in the Company with a par value of USD 0.01 each, (the "**Offer Shares**") to be issued at a subscription price of NOK 36 per Offer Share (the "**Subscription Price**").

The shareholders of the Company as of 19 April 2018 (being registered as such in the Norwegian Central Securities Depository (the "**VPS**") on 23 April 2018 pursuant to the VPS' standard two days' settlement procedure (the "**Record Date**")), except for shareholders (i) who were invited to apply for Private Placement Shares in the "pre-sounding" of the Private Placement, (ii) who were allocated Private Placement Shares in the Private Placement, (such eligible shareholders jointly the "**Eligible Shareholders**"), or (iii) who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action, will be granted non-transferable subscription rights (the "**Subscription Rights**") that, subject to applicable law, give a right to subscribe for and be allocated Offer Shares at the Subscription Price. The Subscription Rights will be registered on each Eligible Shareholder's VPS account.

Each Eligible Shareholder will be granted 0.084294 Subscription Right for every existing share registered as held by such Eligible Shareholder as of the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated, one Offer Share in the Subsequent Offering. Over-subscription and subscription without Subscription Rights is not permitted.

The subscription period in the Subsequent Offering will commence on 09:00 hours (CET) on 20 June 2018 and expire at 16:30 hours Central European Time ("**CET**") on 4 July 2018 (the "**Subscription Period**").

**SUBSCRIPTION RIGHTS THAT ARE NOT USED TO SUBSCRIBE FOR OFFER SHARES BEFORE THE EXPIRY OF THE SUBSCRIPTION PERIOD WILL HAVE NO VALUE AND WILL LAPSE WITHOUT COMPENSATION TO THE HOLDER.**

The Company's existing common shares are, and the Private Placement Shares and the Offer Shares will be, listed on the Oslo Stock Exchange under the ticker code "ODL". Except where the context otherwise requires, references in this Prospectus to "**Shares**" will be deemed to include the existing common shares in the Company, the Private Placement Shares and the Offer Shares. All of the existing Shares and the Private Placement Shares are, and the Offer Shares will be, registered in the VPS in book-entry form. The Private Placement Shares have been placed on a separate ISIN pending publication of this Prospectus, and will be listed and admitted to trading on the Oslo Stock Exchange following publication of this Prospectus. All of the issued common Shares rank pari passu with one another and each carries one vote. In addition to the Shares, the Company has issued 16,123,125 preference shares (the "**Preference Shares**").

**Investing in the Shares, including the Private Placement Shares and the Offer Shares, involves a high degree of risk. Prospective investors should read the entire document and, in particular, consider Section 2 "Risk factors" beginning on page 18 when considering an investment in the Company.**

**The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares and the Subscription Rights may lawfully be made and, for jurisdictions other than Norway, would not require any filing, registration or similar action.**

**The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S under the U.S. Securities Act ("Regulation S"). The distribution of this Prospectus, the offer of the Subscription Rights and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law.**

**For more information regarding restrictions in relation to the Subsequent Offering, see Section 18 "Selling and transfer restrictions".**

The due date for the payment of the Offer Shares is expected to be on or about 6 July 2018. Delivery of the Offer Shares is expected to take place on or about 11 July 2018 through the facilities of the VPS. Trading in the Private Placement Shares on the Oslo Stock Exchange is expected to commence on or about 20 June 2018, while trading in the Offer Shares on the Oslo Stock Exchange is expected to commence on or about 11 July 2018.

### Joint Bookrunners

ABG Sundal Collier

ABN AMRO Bank

Danske Bank

DNB Markets

Nordea

Pareto Securities

SpareBank 1 Markets

**The date of this Prospectus is 19 June 2018**

## IMPORTANT INFORMATION

This Prospectus has been prepared in connection with (i) the Subsequent Offering and (ii) the listing of the Private Placement Shares and the Offer Shares on the Oslo Stock Exchange.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**EU Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act on 19 June 2018. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or referred to in this Prospectus.

For definitions of certain other terms used throughout this Prospectus, see Section 20 "Definitions and glossary".

The Company has engaged ABG Sundal Collier ASA, ABM AMRO Bank N.V., Danske Bank, Norwegian Branch, DNB Markets, a part of DNB Bank ASA, Nordea Bank AB (publ), filial i Norge, Pareto Securities AS and SpareBank 1 Markets AS as joint bookrunners for the Private Placement (jointly the "**Joint Bookrunners**") and DNB Markets, a part of DNB Bank ASA and Danske Bank, Norwegian Branch as managers for the Subsequent Offering (jointly the "**Managers**").

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Offer Shares between the time of approval of this Prospectus by the Norwegian FSA and the listing of the Offer Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor the granting of any Subscription Rights nor the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Private Placement, the Subsequent Offering or the sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Joint Bookrunners or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

**The distribution of this Prospectus and the offer and sale of the Offer Shares and the granting or use of the Subscription Rights in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase or subscribe for, any of the Offer Shares or use the Subscription Rights to subscribe for Offer Shares in any jurisdiction in which such offer, sale or subscription would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that is in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. None of the Company the Joint Bookrunners, in any of their respective capacities in connection with the Private Placement and the Subsequent Offering, accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offer Shares, of any such restrictions. The Company and the Managers reserve the right in their own absolute discretion to reject any offer to purchase Shares that the Company, the Managers or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 18 "Selling and transfer restrictions".**

**By accepting delivery of this Prospectus, each recipient and holder of Subscription Rights or representative of such holder acknowledges that such holder or representative, including a depository bank, may not exercise Subscription Rights or otherwise subscribe for Offer Shares on behalf of any person that is located in a jurisdiction in which it would not be permissible to make an offer of the Offer Shares and any such representative, including a depository bank, will be required, in connection with any exercise of Subscription Rights or other subscription of Offer Shares, to certify that such exercise or subscription is not made on behalf of such a person and is otherwise in accordance with the restrictions on the offer and sale of Offer Shares set forth in this Prospectus in Section 18 "Selling and transfer restrictions".**

This Prospectus and the terms and conditions of the Subsequent Offering as set out herein, and any sale and purchase of Offer Shares and the granting and use of the Subscription Rights hereunder, shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Subsequent Offering or this Prospectus.

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Group, the Joint Bookrunners or any of their respective representatives that any recipient of this Prospectus should subscribe for or purchase any Shares. Prior to making any decision of whether to purchase the Shares or use the Subscription Rights, prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. **In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group and the terms of the Subsequent Offering, including the merits and risks involved.** None of the Company or the Joint Bookrunners, or any of their respective representatives or advisers, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares or the use of the Subscription Rights to subscribe for Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares or the use of the Subscription Rights to subscribe for Offer Shares, to among other things consider such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares.

A prospective investor should not invest in the Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on its overall investment portfolio.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General information".

#### EXCHANGE CONTROL

Consent under the Bermuda Exchange Control Act 1972 (and its related regulations) has been obtained from the Bermuda Monetary Authority for the issue and transfer of the Shares to and between residents and non-residents of Bermuda for exchange control purposes provided that the Shares remain listed on an appointed stock exchange, which includes the Oslo Stock Exchange. In granting such consent the Bermuda Monetary Authority accepts no responsibility for the Company's financial soundness or the correctness of any of the statements made or opinions expressed in this Prospectus.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### NOTICE TO INVESTORS IN THE UNITED STATES

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares. The Offer Shares and the Subscription Rights have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in "offshore transactions" as defined in, and in reliance on, Regulation S. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of section 5 of the U.S. Securities Act provided by Rule 144A. See Section 18.2 "Selling and transfer restrictions - United States".

Any Offer Shares or Subscription Rights offered or sold in the United States will be subject to certain transfer restrictions and each purchaser will be deemed to have made acknowledgements, representations and agreements, as set forth under Sections 18.2 "Selling and transfer restrictions - United States".

Neither the Offer Shares nor the Subscription Rights have been recommended by any United States federal or state securities commission or regulatory authority. Further, the foregoing authorities have not passed upon the merits of the Subsequent Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the Offer Shares. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire the Offer Shares. Investors confirm their agreement to the foregoing by accepting the delivery of this Prospectus.

To the extent that any of the Managers intends to effect any offers or sales of shares in the United States or to U.S. persons, it will do so through its respective U.S. registered broker-dealer affiliates, pursuant to applicable U.S. securities laws.

#### NOTICE ABOUT THE MANAGERS

Any Offer Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under Section 18.2 "Selling and transfer restrictions - United States". The Managers are not SEC registered broker-dealers and will not be directly offering or selling Offer Shares into the United States. Any offer or sale of the Offer Shares in the United States will be made solely by one or more broker-dealers registered as such under the U.S. Securities Act. No action taken by the Company or any of the other Managers in the United States shall be attributed to the Managers.

#### NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "UK") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). The Subscription Rights and the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Each of the Joint Bookrunners has represented, warranted and agreed (i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company and (ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the UK.

#### NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "EEA") that has implemented the EU Prospectus Directive, other than Norway (each, a "Relevant Member State"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Directive. The Prospectus has been prepared on the basis that all offers of Subscription Rights and Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus for an offer of securities. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Subsequent Offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or the Joint Bookrunners to publish a prospectus or a supplement to a prospectus under the EU Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

- a) it is a qualified investor as defined in the EU Prospectus Directive; and
- b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, (i) such Offer Shares acquired by it in the Subsequent Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Directive, or in circumstances in which the prior consent of the Managers have been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares and in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State, and the expression "**EU Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

See Section 18 "Selling and transfer restrictions" for certain other notices to investors.

#### INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Subsequent Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

#### ENFORCEMENT OF CIVIL LIABILITIES

The Company is an exempted company limited by shares incorporated under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by Bermuda law and the Company's memorandum of association and Bye-Laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. With one exception, none of the members of the Company's board of directors (the "**Board of Directors**") are residents of the United States, and a substantial portion of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on those persons in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons based on the civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Norway or Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against the Company or its directors or officers under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway or Bermuda. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters with either Norway or Bermuda.

#### AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

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## 1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A- E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

### Section A – Introduction and Warnings

<p><b>A.1</b>            <b>Warning</b></p>	<p>This summary should be read as an introduction to the Prospectus;</p> <p>any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;</p> <p>where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</p> <p>civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
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### Section B – Issuer

<p><b>B.1</b>            <b>Legal and commercial name</b></p>	<p>Odfjell Drilling Ltd</p>
<p><b>B.2</b>            <b>Domicile and legal form, legislation and country of incorporation</b></p>	<p>Odfjell Drilling Ltd was incorporated on 16 November 2005 as an exempted company limited by shares under the laws of Bermuda and in accordance with the Bermuda Companies Act.</p>
<p><b>B.3</b>            <b>Current operations, principal activities and markets</b></p>	<p>Odfjell Drilling is a drilling, engineering and well services provider with more than 40 years of experience focusing on the offshore harsh environment and deepwater markets. As of 31 March 2018, the Group had about 2,300 employees operating in approximately 20 countries worldwide. Odfjell Drilling operates through three segments: Mobile Offshore Drilling Units (MODU), Well Services and Drilling &amp; Technology. Odfjell Drilling's clients are primarily major oil and gas companies.</p> <p><i>Mobile Offshore Drilling Units (MODU)</i></p> <p>In the MODU segment, the Group operates drilling units owned by the Group and by third parties. The Group owns the following four harsh environment semi-submersible drilling rigs:</p> <ul style="list-style-type: none"> <li>- Deepsea Atlantic;</li> <li>- Deepsea Stavanger;</li> <li>- Deepsea Bergen; and</li> <li>- Deepsea Aberdeen.</li> </ul>



In addition to the rigs listed above, the Group has entered into a construction and purchase agreement with Samsung Heavy Industries in South-Korea for Deepsea Nordkapp.

#### *Well Services*

The Well Services segment provides casing and tubular running services (both automated and conventional) as well as drilling tool and tubular rental services, both for exploration wells and for production purposes. The Group provides services in approximately 20 countries, from 11 bases in Europe, Asia and the Middle East, with particular focus on the offshore markets in the North Sea and the Middle East. In total, the Group provides well services to more than 50 drilling rigs. Odfjell Drilling has approximately 35 years of experience in the global well services market, and the Company is of the opinion that it is one of the leaders in remote operated handling equipment for casing and tubular running services. In the drilling tool rental business, the Group benefits from a well-developed supplier base, and offers a large inventory of modern and high quality drilling tools and equipment, which have been manufactured and certified in accordance with applicable industry standards. It aims to be a single supply source for drillers and operators and also has the capability to design custom-made equipment. The Well Services segment currently serves approximately 70 clients, of which 15 constitute material volumes.

#### *Drilling and Technology*

The Drilling & Technology segment is divided into two business areas: Platform Drilling and Technology. The main service offering of the Platform Drilling business area is production drilling and well completion on client's rigs. Other types of services offered are slot recovery, plug and abandonment, work-overs and maintenance activities. In this business area, the Group offers platform drilling services on both fixed production platforms and on floating production platforms with subsea blowout preventers (BOPs). The Group has approximately 40 years of experience in platform drilling operations and the Group is of the opinion that it is one of the leading platform drilling service providers in the North Sea, focusing on the high-end of the market for platform drilling services. Within the Platform Drilling business area, the Group's clients are Equinor, BP, TAQA, EnQuest and Wintershall.

The Technology business area offers engineering services ranging from design and engineering to building supervision, project management and operational support for newbuild projects, SPS certifications and yard stays. The Technology business area performs smaller or medium sized stand-alone projects, including engineering, procurement, construction and installation projects. The services are provided internally and to external clients that represent a diverse group, consisting mainly of owners of mobile offshore drilling units and oil and gas companies.

<p><b>B.4a</b>      <b>Significant recent trends affecting the issuer and the industry in which it operates</b></p>	<p>The Company has not experienced any changes or trends that are significant to the Company since 31 March 2018.</p>																																																																																																
<p><b>B.5</b>      <b>Description of the Group</b></p>	<p>Od fjell Drilling Ltd, the parent company of the Group, is a holding company. The operations of the Group are carried out by the Group's operating subsidiaries. Od fjell Drilling Ltd has four directly wholly-owned subsidiaries: Od fjell Offshore Ltd., incorporated in Bermuda; Od fjell Rig Owning Ltd. (holding company for the Drilling Units), incorporated in Bermuda; Od fjell Drilling Services Ltd (holding company for the Group's MODU Management business area and the Drilling &amp; Technology and Well Services segments), incorporated in Bermuda; and GBS AS, incorporated in Norway.</p>																																																																																																
<p><b>B.6</b>      <b>Interests in the Company and voting rights</b></p>	<p>Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. As of the date of this Prospectus, no shareholder, other than Od fjell Partners Ltd., Fidelity, through nominee accounts having notified that it holds a shareholding below 10% of the share capital of the Company, and Akastor, holds more than 5% or more of the issued shares, i.e. the Shares and the Preference Shares.</p> <p>The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p>																																																																																																
<p>As at 5 June 2018, the Company had 3,378 shareholders. The Company's 20 largest holders of Shares (excluding the Offer Shares and Preference Shares) as of the same date are shown in the table below.</p>																																																																																																	
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<p><b>B.7</b>      <b>Selected historical key financial information</b></p>	<p>The tables set out below present selected financial information derived from the Group's audited consolidated financial statements (including the notes thereto) as of and for the years ended 31 December 2017, 2016 and 2015 (the "<b>Financial Statements</b>") and the Company's unaudited interim condensed</p>																																																																																																

financial information as of, and for the three months' period ended 31 March 2018 (with comparable figures for the same period of 2017) (the "**Interim Financial Statements**"). The Financial Statements and Interim Financial Statements are incorporated by reference hereto, see Section 19.3 "Incorporation by reference". The Financial Statements have been prepared in accordance with IFRS, as adopted by the EU. The Interim Financial Statements have been prepared in accordance with IAS 34.

The Financial Statements have been audited by PwC, as set forth in their report included therein. The Interim Financial Statements have not been audited. PwC has not audited, reviewed or produced any report on any other information provided in this Prospectus.

The selected financial information presented below should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements and the Interim Financial Statements, incorporated by reference hereto, and should be read together with Section 11 "Operating and financial review ".

**Consolidated income statement**

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
Operating revenue.....	174,805	148,351	662,158	657,392	926,827
<b>Total operating income.....</b>	<b>174,805</b>	<b>148,351</b>	<b>662,158</b>	<b>657,392</b>	<b>926,827</b>
Other gains/losses.....	415	135	11,215	629	1
Share of profit / (loss) from joint ventures.....	-	-	0	20	(269,186)
<b>Total other items.....</b>	<b>415</b>	<b>135</b>	<b>11,215</b>	<b>649</b>	<b>(269,185)</b>
Personnel expenses.....	(83,642)	(61,348)	(260,815)	(232,561)	(381,736)
Depreciation, amortisation and impairment loss...	(40,415)	(40,725)	(161,436)	(250,722)	(320,806)
Other operating expenses.....	(35,189)	(32,630)	(138,838)	(140,663)	(197,423)
<b>Total operating expenses.....</b>	<b>-</b>	<b>-</b>	<b>(561,089)</b>	<b>(623,946)</b>	<b>(899,966)</b>
<b>Operating profit (EBIT).....</b>	<b>15,975</b>	<b>13,784</b>	<b>112,285</b>	<b>34,094</b>	<b>(242,324)</b>
Share of profit / (loss) from joint ventures	-	(522)	(1,485)	1,399	(28,405)
Net financial items.....	(22,568)	(18,732)	-	-	-
Interest income.....	-	-	1,535	819	1,241
Borrowing cost.....	-	-	(72,028)	(69,055)	(70,156)
Other financial items.....	-	-	(3,618)	(5,810)	4,470
<b>Finance cost - net.....</b>	<b>-</b>	<b>-</b>	<b>(75,596)</b>	<b>(72,647)</b>	<b>(92,850)</b>
<b>Profit / (loss) before tax.....</b>	<b>(6,593)</b>	<b>(5,470)</b>	<b>36,688</b>	<b>(38,553)</b>	<b>(335,174)</b>
Income tax (expense) / income.....	(204)	(2,017)	(1,335)	(25,141)	15,741
<b>Profit/(loss) for the period.....</b>	<b>(6,797)</b>	<b>(7,487)</b>	<b>35,353</b>	<b>(63,694)</b>	<b>(319,433)</b>
Of which attributable to the owners of the Company.....	(6,797)	-	35,353	(63,694)	(319,433)
Of which attributable to non-controlling interests	-	-	-	-	-
Basic earnings per share (USD).....	(0.03)	-	0.18	(0.32)	(1.61)
Diluted earnings per share (USD).....	(0.03)	-	0.18	(0.32)	(1.61)

**Consolidated statement of comprehensive income**

	Three month ended 31 March		Year ended 31 December		
	2018	2017	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Profit / (loss) for the period</b> .....	<b>(6,797)</b>	<b>(7,487)</b>	<b>35,353</b>	<b>(63,694)</b>	<b>(319,433)</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Actuarial gain / (loss) on post-employment benefit obligations .....	-	-	(266)	(4,526)	8,170
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(266)</b>	<b>(4,526)</b>	<b>8,170</b>
<b>Items that are or may be reclassified to profit or loss:</b>					
Cash flow hedges .....	245	463	353	470	(528)
Currency translation differences .....	8,531	1,041	9,531	(1,689)	(11,947)
<b>Total</b>	<b>8,775</b>	<b>1,504</b>	<b>9,884</b>	<b>(1,218)</b>	<b>(12,475)</b>
<b>Other comprehensive income, net of tax</b> .....	<b>8,775</b>	<b>1,504</b>	<b>9,618</b>	<b>(5,744)</b>	<b>(4,305)</b>
<b>Total comprehensive income</b> .....	<b>1,978</b>	<b>-</b>	<b>44,971</b>	<b>(69,438)</b>	<b>(323,739)</b>
<b>Attributable to:</b>					
Owners of the Company .....	1,978	-	44,971	(69,438)	(323,739)
<b>Total comprehensive income for the period</b>	<b>1,978</b>	<b>(5,983)</b>	<b>44,971</b>	<b>(69,438)</b>	<b>(323,739)</b>

1 Items are disclosed net of tax. Please see note 7 to the financial statements for the year ended 31 December 2017 and note 8 to the financial statements for the year ended 31 December 2016, incorporated by reference hereto, see Section 19.3 "Incorporation by reference", for the income tax relating to each item.

**Consolidated statement of financial position**

	As of 31 March		As of 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Assets</b>					
Goodwill .....	-	-	19,736	18,786	18,383
Deferred tax asset .....	3,739	2,453	3,566	2,498	8,397
Intangible assets .....	34,790	32,480	-	-	-
Software .....	-	-	13,119	14,223	15,417
Property, plant and equipment .....	1,747,758	1,882,297	1,782,393	1,912,754	2,131,364
Financial fixed assets .....	1,008	8,360	-	-	-
Investments in joint ventures .....	-	-	-	8,217	14,419
Derivative financial instruments .....	-	-	318	235	386
Other non-current assets .....	-	-	233	287	360
<b>Total non-current assets</b> .....	<b>1,787,295</b>	<b>1,925,590</b>	<b>1,819,365</b>	<b>1,957,000</b>	<b>2,188,726</b>
Spare parts .....	-	-	1,680	1,782	2,818
Contract assets .....	792	-	-	-	-
Trade receivables .....	129,357	114,756	137,438	111,090	178,481
Other current assets .....	17,490	20,955	-	-	-
Other current receivables .....	-	-	13,673	12,097	45,195
Other current financial assets .....	-	-	102	-	-
Cash and cash equivalents .....	193,984	173,806	165,970	181,623	201,626
<b>Total current assets</b> .....	<b>341,623</b>	<b>309,517</b>	<b>318,863</b>	<b>306,591</b>	<b>428,120</b>

<b>Total assets</b> .....	<b>2,128,918</b>	<b>2,235,107</b>	<b>2,138,228</b>	<b>2,263,592</b>	<b>2,616,846</b>
<b>Equity and liabilities</b>					
Share capital.....	-	-	1,987	1,987	1,987
Other contributed capital.....	-	-	326,853	326,853	326,853
Other reserves.....	-	-	(105,019)	(114,903)	(113,684)
Retained earnings.....	-	-	543,235	508,148	576,368
Total paid-in capital.....	328,841	328,841	-	-	-
Other equity.....	440,194	387,262	-	-	-
<b>Total equity attributable to owners of the Company</b> .....	<b>769,035</b>	<b>716,103</b>	<b>767,057</b>	<b>722,086</b>	<b>791,524</b>
Non-current interest-bearing borrowings.....	1,058,103	1,183,151	1,076,103	1,208,180	878,664
Derivative financial instruments.....	-	-	-	101	2,156
Post-employment benefits.....	18,615	16,627	18,084	17,554	42,636
Other non-current liabilities.....	5,262	5,710	5,331	1,522	1,660
<b>Total non-current liabilities</b> .....	<b>1,081,979</b>	<b>1,205,488</b>	<b>1,099,519</b>	<b>1,227,358</b>	<b>925,116</b>
Current interest-bearing borrowings.....	166,013	205,496	157,472	204,058	718,360
Contract liabilities.....	22,805	-	-	-	-
Trade payables.....	29,580	21,384	35,214	17,233	25,150
Current income tax.....	-	-	298	12,357	9,567
Social security and other taxes.....	-	-	16,163	13,337	16,697
Other current liabilities.....	59,506	86,636	62,505	67,163	130,433
<b>Total current liabilities</b> .....	<b>277,904</b>	<b>313,516</b>	<b>271,652</b>	<b>314,148</b>	<b>900,206</b>
<b>Total liabilities</b> .....	<b>1,359,882</b>	<b>1,519,004</b>	<b>1,371,171</b>	<b>1,541,506</b>	<b>1,825,322</b>
<b>Total equity and liabilities</b> .....	<b>2,128,918</b>	<b>2,235,107</b>	<b>2,138,228</b>	<b>2,263,592</b>	<b>2,616,846</b>

**Consolidated statement of cash flow**

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Cash flow from operating activities:</b>					
Profit / (loss) before tax.....	(6,593)	(5,470)	36,688	(38,553)	(335,174)
<b>Adjustments for:</b>					
Depreciation, amortisation and impairment loss...	40,415	40,725	161,436	250,722	320,806
Unrealised (gain) / loss on interest rate swaps.....	(435)	(129)	(520)	(660)	(7,438)
Interest expense – net.....	15,775	16,190	64,101	60,359	59,791
Borrowing cost.....	1,499	1,471	6,160	7,432	7,872
Share of (profit) / loss from joint ventures.....	-	522	1,485	(1,419)	297,591
Net (gain)/loss on sale of shares and other financial investments.....	-	-	(9,769)	0	-
Net (gain) / loss on sale of tangible fixed assets ..	(306)	(38)	(1,496)	(486)	(1)
Post-employment benefit expenses less post- employment benefit payments.....	(529)	(1,023)	(656)	(32,873)	(8,071)
Net currency loss / (gain) not related to operating activities.....	4,767	376	2,136	(4,115)	5,137
Net effect acquisition of shares in joint venture ...	-	-	-	-	(2,974)
<b>Changes in working capital:</b>					
Spare parts.....	(125)	81	157	1,079	610
Trade receivables.....	12,563	(2,953)	(21,392)	58,446	39,947
Trade payables.....	(7,163)	4,119	16,897	(11,177)	(4,184)
Other accruals.....	(2,264)	(2,287)	(9,801)	(47,724)	612
<b>Cash generated from operations</b>	<b>57,604</b>	<b>51,584</b>	<b>245,426</b>	<b>241,032</b>	<b>374,524</b>
Interest paid.....	(14,234)	(14,752)	(64,688)	(58,802)	(69,390)
Net income tax refunded / (paid).....	(305)	(9,378)	(14,900)	16,443	(34,267)

<b>Net cash generated from operating activities..</b>	<b>43,065</b>	<b>27,454</b>	<b>165,839</b>	<b>198,673</b>	<b>270,867</b>
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment.....	(5,861)	(9,694)	(29,468)	(31,229)	(147,044)
Proceeds from sale of property, plant and equipment .....	473	173	2,036	1,464	3,661
Loans granted to employees .....	-	-	-	-	147
Sub-ordinated loan to related parties .....	-	-	-	-	(1,355)
Other non-current receivables .....	-	-	64	67	-
Purchase of shares incl. joint ventures.....	-	-	-	-	(3,162)
Proceeds from shares incl. joint ventures.....	-	-	26,580	7,920	-
<b>Net cash used in investing activities .....</b>	<b>(5,389)</b>	<b>(9,521)</b>	<b>(787)</b>	<b>(21,778)</b>	<b>(147,754)</b>
<b>Cash flows from financing activities:</b>					
Net proceeds from borrowings financial institutions	-	-	(737)	519,226	110,000
Repayments of borrowings to financial institutions..	(12,500)	(26,500)	(183,500)	(713,000)	(224,000)
Purchase of own shares .....	-	-	-	-	(612)
<b>Net cash from financing activities .....</b>	<b>(12,500)</b>	<b>(26,500)</b>	<b>(184,237)</b>	<b>(193,774)</b>	<b>(114,612)</b>
<b>Net change in cash and cash equivalents .....</b>	<b>25,176</b>	<b>(8,567)</b>	<b>(19,186)</b>	<b>(16,879)</b>	<b>8,502</b>
Cash and cash equivalents at beginning of period	165,970	181,623	181,623	201,626	191,201
Effects of exchange rate changes on cash and cash equivalents.....	2,838	751	3,533	(3,125)	1,922
<b>Cash and cash equivalents at period end .....</b>	<b>193,984</b>	<b>173,806</b>	<b>165,970</b>	<b>181,623</b>	<b>201,626</b>
<b>B.8 Selected key pro forma financial information</b>	Not applicable. There is no pro forma financial information.				
<b>B.9 Profit forecast or estimate</b>	Not applicable. The Prospectus does not include profit forecasts or estimates				
<b>B.10 Audit report qualifications</b>	<p>PwC included the following emphasis of matter in its financial report for the year ended 31 December 2015:</p> <p><i>"Emphasis of matter</i></p> <p><i>We draw attention to the Board of Directors' report and Note 1 in the financial statements which states that the Group has a loan facility of USD 575 million that mature in November 2016, a loan facility that needs to be refinanced or extended before the maturity date. Due to the uncertainties and volatility in today's markets, no guarantees can be given as to the results of the forthcoming refinancing. In the event that a forced realisation of assets or other value impairing events must take place, losses may occur. These conditions, along with other matters set forth in the Board of Directors' report and Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter."</i></p> <p>The Group fulfilled the conditions for the refinancing on 28 September 2016 and PwC did not include any emphasis of matter in their auditor reports for the years ending 31 December 2016 and 2017.</p>				
<b>B.11 Insufficient working capital</b>	As at the date of this Prospectus, the Company is of the opinion that the working capital available to the Group is not sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Prospectus. The reason for the shortfall is that the Group has not yet entered into a final and binding loan agreement for the USD 325 million bank facility				

	<p>which Odfjell Rig V Ltd. is expected to enter into for the purpose of financing the remaining part of the purchase price for Deepsea Nordkapp, as further described in Section 11.7.1 "Material borrowings - Odfjell Rig V Ltd. – USD 325 million bank facility". Odfjell Rig V Ltd. has, however, agreed on the main terms of such USD 325 million credit facility with certain lenders and expects to cover the shortfall through the final commitment of such facility. The Company is at the date of the Prospectus confident that a final financing agreement for the facility in the amount of USD 325 million will be entered into prior to the delivery date of Deepsea Nordkapp when debt financing in the amount of USD 325 million will be required, which is expected to be at delivery of Deepsea Nordkapp. In the event that the Company contrary to its expectations should be unable to secure the required bank facility or secures only parts of the required facility, the Group will contemplate other external or equity financing measures such as bond financing, refinancing of other loan facilities in the Group on the basis of its satisfactory contract backlog, shorter-term financing structures or by divestiture of assets or business segments in order to bridge the remaining funding requirement of Deepsea Nordkapp. In the event that the Group fails to secure the required financing of the shortfall when due, the Group risks entering into bankruptcy proceedings.</p>
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### Section C – Securities

<p><b>C.1</b>            <b>Type and class of securities admitted to trading and identification number</b></p>	<p>The Company has two classes of shares in issue (i.e. the common Shares and the Preference Shares). All the common Shares have equal rights to all such other shares in that class as set out in the Bye-Laws. The rights of the Preference Shares are described in Section 14.4 "The Preference Shares".</p> <p>The Shares have been created under the Bermuda Companies Act and are registered in the VPS under ISIN BMG671801022. The Preference Shares have been created under the Bermuda Companies Act and are not registered in the VPS.</p>
<p><b>C.2</b>            <b>Currency of issue</b></p>	<p>The Shares will be priced and traded in NOK on the Oslo Stock Exchange.</p>
<p><b>C.3</b>            <b>Number of shares in issue and par value</b></p>	<p>At the date of this Prospectus, the Company's authorised share capital is USD 3,000,000, consisting of 280,000,000 common shares with a par value of USD 0.01 each, of which 236,736,900 Shares have been issued, and 20,000,000 preference shares with a par value of USD 0.01 each, of which 16,123,125 Preference Shares have been issued. The Board of Directors, subject to prior approval given by resolution of the Company's shareholders in accordance with the Bye-Laws, may issue any authorised but unissued shares of the Company.</p> <p>The Shares have been created under the Bermuda Companies Act and are registered in the VPS under ISIN BMG671801022. The Preference Shares have been created under the Bermuda Companies Act and are not registered in the VPS.</p>

<b>C.4</b> <b>Rights attaching to the securities</b>	<p>The Company has two classes of shares in issue (i.e. the common Shares and the Preference Shares). All the common Shares have equal rights to all such other shares in that class as set out in the Bye-Laws. The rights of the Preference Shares are described in Section 14.4 "The Preference Shares".</p>
<b>C.5</b> <b>Restrictions on transfer</b>	<p>The common Shares are freely negotiable and the Company's constitutional documents do not impose any transfer restrictions on the Shares other than as set out below. The Bye-Laws include a right for the Board of Directors to decline to register the transfer of any interest in any Share in the register of members, or decline to direct any registrar, appointed by the Company, to register the transfer where such transfer would result in 50% or more of the Shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or connected to a Norwegian business activity. The purpose of this provision is to avoid that the Company is deemed a "Controlled Foreign Company" as such term is defined under the Norwegian tax rules. The fact that Odfjell Partners Ltd., which is a Bermuda incorporated company, owns more than 50% of the Shares at the time of Listing means that this provision not will impact on the free trading of the Shares.</p>
<b>C.6</b> <b>Admission to trading</b>	<p>The Shares are, and the Private Placement Shares and Offer Shares will be, admitted to trading on the Oslo Stock Exchange, however as the Private Placement was settled with existing and unencumbered Shares already listed on the Oslo Stock Exchange, pursuant to a share lending agreement between Odfjell Partners Ltd. as lender, the Joint Bookrunners and the Company respectively, the Shares allocated in the Private Placement were tradeable immediately after allocation to investors on 20 April 2018. The Company currently expects commencement of trading on the Oslo Stock Exchange in the Private Placement Shares, which were redelivered to Odfjell Partners Ltd. pursuant to the share lending agreement, on or about 20 June 2018 and in the Offer Shares on or about 11 July 2018. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.</p>
<b>C.7</b> <b>Dividend policy</b>	<p>The Company aims to ensure that shareholder returns reflect the Company's value creation and will consist of both dividends and a positive share price development. The Company will target a long-term dividend annual pay-out representing approximately 30 – 40% of its net profit on a consolidated basis. The Company has a high focus on value creation and will have a dividend policy that will preserve the interest of the Company and its shareholders.</p>

#### Section D – Risks

<b>D.1</b> <b>Key risks specific to the Company or its industry</b>	<p><i>Risks related to the industry in which the Group operates</i></p> <ul style="list-style-type: none"> <li>• The Group's business, results of operations and financial condition depend on the level of exploration, development and production activity in the oil and gas industry, which is</li> </ul>
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	<p>significantly affected by, among other things, volatile oil and gas prices;</p> <ul style="list-style-type: none"> <li>• An over-supply of drilling units or the equipment that the Group rents to clients may lead to a reduction in day rates for the MODU segment and prices for the Well Services segment, which may materially impact the Group's results of operations;</li> <li>• Competition within the oil and gas services industry may have a material adverse effect on the Group's ability to market its services;</li> <li>• Governmental laws and regulations relating to the oil and gas industry could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for its services and/or restrict the Group's ability to provide its services or operate its drilling units;</li> <li>• The Group's business involves numerous operating hazards and if a significant accident or other event occurs it could materially adversely affect the Group's results of operations, cash flows and financial condition;</li> <li>• The Group's insurance coverage may prove insufficient if a significant accident or other event occurs;</li> <li>• The Group's business segments operate in various jurisdictions, thereby exposing the Group to risks inherent in international operations and subjecting the Group to compliance with the laws and regulations of the jurisdictions in which it operates;</li> <li>• The Group does business in jurisdictions with inherent risks relating to fraud, bribery and corruption;</li> <li>• The Group does business in jurisdictions that are subject to sanction regimes.</li> </ul> <p><i>Risks relating to the Group</i></p> <ul style="list-style-type: none"> <li>• The Group's backlog may not be ultimately realised;</li> <li>• The Group's contracts may be subject to early termination due to certain events;</li> <li>• The Group's future business performance depends on its ability to renew and extend existing contracts, and to win new contracts;</li> <li>• Unforeseen or unanticipated risks, costs or timing when bidding on or managing contracts could adversely affect the Group's business, results of operations and financial condition.</li> </ul> <p><i>Risks relating to operations</i></p> <ul style="list-style-type: none"> <li>• The Group, and in particular the MODU segment and the Platform Drilling business area, is exposed to client concentration risk;</li> <li>• The Group's newbuild projects are subject to risks which could cause delays or cost overruns and have a material adverse effect on the Group's business, results of operation, cash flows and financial condition;</li> <li>• The Group must maintain and repair its drilling units, including maintaining the classification of the drilling units, which may lead to increased costs and loss of income;</li> <li>• Disruptions of deliveries by the Group's suppliers could increase operating costs, decrease revenues and adversely impact the Group's operations. In addition, consolidation of suppliers may limit the Group's ability to obtain supplies and services when needed at an acceptable cost or at all;</li> </ul>
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	<ul style="list-style-type: none"> <li>• The Group relies on third parties, including subcontractors, to complete some parts of its projects and may be adversely affected by the sub-standard performance or non-performance of those third party subcontractors;</li> <li>• The Group may not be able to successfully implement its strategies;</li> <li>• Loss of key personnel or the failure to obtain or retain highly skilled personnel could materially adversely affect the Group's operations;</li> <li>• Damage to the Group's reputation and business relationships may have an adverse effect beyond any monetary liability;</li> <li>• The Group relies on information technology systems to communicate with its drilling units and conduct its business, and disruption, failure or security breaches of these systems could adversely affect its business and results of operations;</li> <li>• Policies, procedures and systems to safeguard employee health, safety and security may not be adequate or sufficiently implemented or adhered to.</li> </ul> <p><i>Risks relating to laws, regulation and litigation</i></p> <ul style="list-style-type: none"> <li>• The Group may be subject to litigation that could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition;</li> <li>• The Group is exposed to risk due to its use of certain trademarks such as the "Odfjell" name;</li> <li>• A change in tax laws of any country in which the Group operates from time to time, or complex tax laws associated with international operations which the Group may undertake from time to time, could result in a higher tax expense or a higher effective tax rate on the Group's earnings;</li> <li>• A loss of a major tax dispute or a successful tax challenge to the Group's operating structure or to the Group's tax payments, among other things, could result in a higher tax rate on the Group's earnings, which could have a material adverse effect on the Group's earnings and cash flows.</li> </ul> <p><i>Risks related to financing and market risk</i></p> <ul style="list-style-type: none"> <li>• In order to execute the Group's growth strategy, the Group may require additional capital in the future, which may not be available;</li> <li>• The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or the Company's ability to declare dividends to its shareholders;</li> <li>• If the Group is unable to comply with the restrictions and the financial covenants in the agreements governing its indebtedness, there could be a default under the terms of these agreements, which could result in an acceleration of repayment of funds that have been borrowed;</li> <li>• Interest rate fluctuations could affect the Group's cash flow and financial condition;</li> </ul> <p><i>Risks related to Group structure</i></p> <ul style="list-style-type: none"> <li>• The Company is a holding company and is dependent upon cash flow from subsidiaries to meet its obligations and in order to pay dividends to its shareholders;</li> <li>• The market value of the drilling units and Rental Equipment and/or those the Group may acquire in the future may</li> </ul>
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	decrease, which could cause the Group to incur losses due to impairment of book values or if it decides to sell assets.
<b>D.3 Key risks specific to the securities</b>	<p><i>Risks relating to the Shares</i></p> <ul style="list-style-type: none"> <li>• The market value of the Shares may fluctuate significantly, which could cause investors to lose a significant part of their investment;</li> <li>• Odfjell Partners Ltd. has significant voting power and the ability to influence matters requiring shareholder approval;</li> <li>• Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares;</li> <li>• Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK;</li> <li>• Investors may not be able to exercise their voting rights for Shares registered in a nominee account;</li> <li>• The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions;</li> <li>• The Company may be unwilling or unable to pay any dividends in the future;</li> <li>• Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their direct or indirect shareholding in the Company.</li> <li>• Any defaults under the Preference Share Investment Agreement and the Warrant Investment Agreement may have a material adverse effect on the Company.</li> </ul> <p><i>Risks related to the Company's incorporation in Bermuda</i></p> <ul style="list-style-type: none"> <li>• Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers;</li> <li>• The Company has anti-takeover provisions in its Bye-Laws that may discourage a change of control;</li> <li>• Various conditions may cause an adverse tax effect for the shareholder if the Company pays dividends.</li> </ul>

### Section E – Offer

<b>E.1 Net proceeds and estimated expenses</b>	<p>The net proceeds from the Subsequent Offering are expected to be approximately NOK 135.3 million, assuming that all the Offer Shares are issued.</p> <p>The total costs and expenses related to the Subsequent Offering are estimated to amount to approximately NOK 600,000 (including VAT).</p>
<b>E.2a Reasons for the Offering and use of proceeds</b>	<p>The purpose of the Private Placement was to finance the Company's growth ambitions and raise capital for general corporate purposes. At the time of the Private Placement, the Company was considering various opportunities for growth, one of which was the potential purchase of the "Deepsea Nordkapp", a Moss CS60E semi-submersible drilling rig construction to be constructed at Samsung Heavy Industries Co., Ltd.</p> <p>On 30 April 2018, the Company declared the purchase and construction agreement for Deepsea Nordkapp effective on the</p>

	<p>terms further described in Section "8.5.1.3 "Mobile Offshore Drilling Units - Key contracts". The net proceeds from the Private Placement has hence been used to part finance the acquisition of Deepsea Nordkapp as further described in Section "8.5.1.3 "Mobile Offshore Drilling Units - Key contracts".</p> <p>The main purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting dilution of their shareholding. Eligible Shareholders are shareholders of the Company as of 19 April 2018 (as registered in the VPS on the Record Date), except for shareholders (i) who were invited to apply for Private Placement Shares in the "pre-sounding" of the Private Placement, (ii) who were allocated Private Placement Shares in the Private Placement, or (iii) who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action.</p>
<p><b>E.3</b>      <b>Terms and conditions of the Subsequent Offering</b></p>	<p>The Subsequent Offering consists of an offer by the Company to issue up to 3,775,162 Offer Shares at a Subscription Price of NOK 36 per Offer Share, thereby raising gross proceeds of up to approximately NOK 135.9 million, assuming that all the Offer Shares are issued. The Offer Shares will have a par value of USD 0.01 each.</p> <p>Eligible Subscribers will be granted non-transferable Subscription Rights that, subject to certain limitations based on applicable laws and regulation, provide a right to subscribe for, and be allocated, Offer Shares at the Subscription Price in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will not be permitted.</p> <p>The Subscription Period will commence at 09:00 hours (CET) on 20 June 2018 and end at 16:30 hours (CET) on 4 July 2018. The Subscription Period may not be extended or shortened.</p> <p>The payment for Offer Shares allocated to a subscriber falls due on the Payment Date (6 July 2018).</p> <p>Subject to timely payment of the entire subscription amount in the Subsequent Offering, the Company expects that the Offer Shares pertaining to the Subsequent Offering will be issued on or about 11 July 2018 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about the same day. The Offer Shares allocated in the Subsequent Offering are expected to be tradeable on the Oslo Stock Exchange from and including 11 July 2018.</p>
<p><b>E.4</b>      <b>Material and conflicting interests</b></p>	<p>The Joint Bookrunners or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Joint Bookrunners, their employees and any affiliate may currently own Shares in the Company. Further, in connection with the Subsequent Offering, the Managers, their</p>

	<p>employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Subscribers) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Joint Bookrunners do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.</p>	
<b>E.5</b>	<b>Selling shareholders and lock-up agreements</b>	Not applicable. There are no selling shareholders or lock-up agreements.
<b>E.6</b>	<b>Dilution resulting from the Offering</b>	The Subsequent Offering will (assuming subscription of the maximum number of Offer Shares in the Subsequent Offering) result in an immediate dilution of the existing Shares (including the Private Placement Shares) of up to 1.60% and up to 1.56% taking into account the Warrants.
<b>E.7</b>	<b>Estimated expenses charged to investor</b>	Not applicable. No expenses or taxes will be charged by the Company or the Managers to the subscribers in the Subsequent Offering.

## 2 RISK FACTORS

*An investment in the Offer Shares involves inherent risk. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Prospectus, including the Financial Information and related notes. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Offer Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Offer Shares, resulting in the loss of all or part of an investment in the same.*

*The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.*

### 2.1 Risks relating to the industry in which the Group operates

#### 2.1.1 Market conditions

**The Group's business, results of operations and financial condition depend on the level of exploration, development and production activity in the oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices**

The Group's business depends on the level of activity in oil and gas exploration, as well as the identification and development of oil and gas reserves and production in offshore areas worldwide, particularly in harsh environments. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development, political aspects and regulatory requirements all affect the Group's clients' levels of expenditure and drilling campaigns. In particular, oil and gas prices and market expectations of potential changes in these prices significantly affect the level of exploration and production ("**E&P**") activity by oil and gas companies.

Oil and gas prices are volatile and cyclical and are affected by numerous factors beyond the Group's control, including, but not limited to:

- worldwide demand for oil and gas as well as industrial services and power generation and the competitive position of oil and gas as an energy source compared with alternative fuels;
- the cost of exploring for, developing, producing and delivering oil and gas;
- capital expenditures by major national and international oil companies;
- current oil and gas production, consumer capacity and price levels and expectations regarding future energy prices;
- the ability of the Organisation of Petroleum Exporting Countries ("**OPEC**") to set and maintain production levels and impact pricing, as well as the level of production in non-OPEC countries;
- governmental laws and regulations;
- political, economic and weather conditions and incidents, including conflicts and natural disasters in oil producing countries and their impact on the world's financial and commercial markets;
- major accidents in the industry, including major spills, blowouts and explosions, and any resulting changes to regulations, or client safety requirements; and

- technological advances affecting both exploration, development and production technology and energy consumption.

The demand for the Group's services and, accordingly, the prices its Well Services segment and Drilling & Technology segment can achieve and, in the long term, the day rates the Group's MODU segment can achieve, depend on the level of E&P activity and expenditure by clients, and are therefore affected by trends in oil and gas prices. For example, the recent significant decline in the oil price has led to significant cuts in the E&P spending budgets of major oil companies, significant overcapacity for the supply of the Group's services and significantly increased competition for the supply of such services.

Due to the significant investments in exploration and, often, production made by the Group's clients at or before the time they contract for services provided by the MODU segment and the Platform Drilling business area, these businesses are typically impacted by longer term E&P spending decisions based on long-term price trends, whereas the Well Services segment and the Technology business area are more sensitive to E&P spending decisions by clients made in response to short-term fluctuations in oil and gas prices. Moreover, given the high E&P costs in ultra-deepwater and harsh environments, a significant decrease in oil and gas prices over a protracted period (rather than the short term) may result in such projects becoming uneconomical for the Group's clients. This may result in a decrease in demand for the MODU segment and the Platform Drilling business area's services.

Any developments affecting demand in any of the Group's business segments could have a material adverse effect on the Group's business, results of operations, cash flow, financial condition and, ultimately, ability to pay dividends.

**An over-supply of drilling units or Rental Equipment may lead to a reduction in day rates for the MODU segment and prices for the Well Services segment, which may materially impact the Group's results of operations**

The oil and gas services industry in which the Group operates is characterised by periods of high demand for drilling units, short drilling unit supply and high day rates, followed by periods of low demand, excess drilling unit supply, and low day rates and utilisation, largely owing to changes in oil and gas prices and their impact on client expenditures. Periods of excess drilling unit supply intensify the competition in the industry and can result in drilling units being idle for long periods of time.

In the past, significant spikes in oil and gas prices have led to high levels of drilling unit construction orders in the offshore market. Significant spikes in oil and gas prices have been and could be followed by periods of sharp and sudden declines in oil and gas prices, which in turn may result in declines in utilisation and day rates, and an increase in the number of idle drilling units without long-term contracts.

The entry into service of new and upgraded ultra-deepwater units will increase supply and could lead to a reduction in the utilisation and day rates of existing drilling units as new drilling units are absorbed into the market.

The risk of decreased day rates is significant for the MODU segment. Revenue for the MODU segment represented 70% of the Group's operating revenue<sup>1</sup> in the year ended 31 December 2017. In periods of excess drilling unit supply, the MODU segment may be required to maintain idle drilling units or enter into contracts at lower day rates until market conditions improve. The Group may also experience an over-supply in its markets as a result of competitors shifting drilling units or equipment into those regions where the Group's drilling units may then be located. These events could materially adversely affect the Group's results of operations, cash flow and financial condition. Further, prolonged periods of low utilisation and/or day rates could also have a material adverse effect on the value of the Drilling Units.

Oversupply of the equipment that the Group rents to clients ("**Rental Equipment**"), as offered by the Well Services segment (this segment represented 14% of the Group's operating revenue<sup>2</sup> for the year ended 31 December 2017), could lead to that segment experiencing decreased prices and/or client orders for its Rental Equipment. Currently, the Group has a limited number of competitors in this segment, although that may change in the future. There can

<sup>1</sup> Operating revenue before group eliminations and corporate overheads.

<sup>2</sup> Operating revenue before group eliminations and corporate overheads.

be no assurances that the Well Services segment will not experience oversupply and, as a result, a decrease in day rates, lump sum payments and/or client orders for its Rental Equipment in the future.

**Competition within the oil and gas services industry may have a material adverse effect on the Group's ability to market its services**

The oil and gas services industry is highly competitive and fragmented and includes several large competitors in the markets the Group serves, or will serve, as well as numerous small competitors that compete with the Group on a local basis. The Group's operations may be materially adversely affected if its current competitors or new market entrants introduce new products or services with features, performance, prices or other characteristics similar to, or better than, the Group's products and services or expand into service areas where the Group operates. Competitive pressures or other factors that result in significant price competition, particularly during industry downturns, could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

Certain of the MODU segment's competitors for drilling unit contracts are significantly larger than the Group, both in respect of fleet size and financial position. Such competitors' greater resources could allow them to better withstand industry downturns, compete more effectively on the basis of the size of their fleet, financial strength, technology and geographic scope, and retain skilled personnel.

Further, as a result of low demand for new drilling units in the shipbuilding sector, shipyards are offering drilling unit rig construction at reduced rates and accelerated build schedules, which could offer both existing players and new market entrants a quicker and less costly route into the drilling sector and increase competition. Any further construction of new drilling units could increase supply and competition and exacerbate the negative impact on utilisation and day rates for the Group's MODU segment.

The Well Services segment has a limited number of global competitors, but competes with various local and smaller suppliers in each of its geographic markets. Such smaller suppliers may be in a preferred position locally as they may be able to offer lower prices and may also have longer existing relationships with local clients. The increase in competition may result in a loss of market share for the Well Services segment, which could have a negative impact on the segment's or the Group's revenue.

The Group's Platform Drilling business area currently has only two main competitors in the markets the Group serves, although no assurances can be given that this will not change in the future.

The Group's Technology business area operates in a highly competitive market and may, as a consequence, suffer periods of low utilisation and/or lower day rates. Further, there can be no assurance that competition will not increase in the future.

*2.1.2 Legal, regulatory and environmental risks*

**Governmental laws and regulations relating to the oil and gas industry could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for its services and/or restrict the Group's ability to provide its services or operate its drilling units**

As the Group depends on demand for services from oil and gas companies, it is also affected by changing laws and regulations relating to its clients and the oil and gas industry. The Group is also exposed to changes in recommended industry practices and applicable standards, including classification requirements regarding the design, construction and maintenance of mobile offshore drilling units, and materials, equipment and machinery.

The laws and regulations affecting the Group's business include, among others, laws and regulations relating to:

- protection of the environment;
- quality of health and safety (including in relation to mandatory or recommended replacement or modifications of drilling unit equipment on drilling units);
- employment and labour actions;
- import-export quotas, wage and price controls, imposition of trade barriers, income and capital repatriation controls and other forms of government regulation and economic conditions;



- the imposition of moratoriums on drilling in certain locations (as were implemented in the Gulf of Mexico following the Macondo incident (as discussed below)), which can lead to increased drilling unit capacity in other geographic markets and ultimately increased global competition; and
- taxation and subsidies.

The Group and its clients are required to invest financial and managerial resources to comply with these laws and regulations. The Group cannot predict the future costs of complying with these laws and regulations, and any new, or changes to current, laws or regulations could materially increase the Group's expenditures in the future.

Existing laws or regulations, or the adoption of new laws or regulations limiting exploration or production activities by oil and gas companies or imposing more stringent restrictions on such activities, could have a material adverse effect on the Group by increasing its operating costs, reducing the demand for its services and restricting its ability to provide its services or operate its drilling units. Further, the Group's clients may, as a consequence of certain new laws and regulations, have the contractual right to request changes to the drilling units and/or Rental Equipment, the implementation of which may increase the Group's operating costs.

Regulatory authorities may exercise discretion in monitoring compliance and in interpreting and enforcing applicable laws and regulations. Future inspections by regulatory authorities may conclude that the Group has violated applicable laws or regulations. If the Group is unable to refute these conclusions or to remedy these violations, the regulatory authorities may impose fines, criminal and/or administrative penalties or other sanctions, including compelling the Group to cease certain of its business activities. The resulting loss of profits could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

**The Group may be subject to contractual environmental liability and liability under environmental laws and regulations, which could have a material adverse effect on the Group's business, results of operations and financial condition**

The Group's operations are subject to regulations controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment, controlling carbon dioxide emissions or otherwise relating to the protection of the environment. The Group incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations. The technical requirements of environmental laws and regulations are becoming increasingly expensive, complex and stringent.

As an owner of mobile offshore drilling units and provider of services to oil and gas companies, the Group may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills of oil and other chemicals and substances related to the operations of its drilling units and the provision of its services. The Group may also be subject to significant fines in connection with spills, which could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

Generally, laws and regulations protecting the environment have become more stringent in recent years. Although, generally, the Group's clients are the primary parties responsible for compliance, laws and regulations may, in some cases, impose direct and strict liability, rendering a company or a person liable for environmental damage without regard to negligence. For example, the Group may be subject to the Norwegian Pollution Act of 13 March 1981 and the Norwegian Maritime Act of 24 June 1994. These laws and regulations may expose the Group to liability for the conduct of, or conditions caused by, third parties (including clients and contractors), or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

In accordance with industry practice, the Group's clients take primary responsibility for any environmental pollution as a result of the client's use of the drilling units under the Group's contracts, although, in accordance with customary industry practice, the Group typically assumes liability for pollution emanating from its own equipment. The Group has generally been able to obtain some degree of contractual indemnification pursuant to which its clients agree to protect, hold harmless and indemnify the Group against liability for pollution, well and environmental damage, including for exposure beyond pollution from its own equipment. However, generally in the oil and gas services industry there is increasing pressure from clients to pass on a larger portion of the liabilities to contractors, such as the Group, as part of their risk management policies. There can be no guarantee that the Group will be able to

prevent or mitigate the increased apportionment of risk for environmental liabilities to contractors. Further, there can be no assurance that the Group can obtain indemnities in its contracts or that, in the event of extensive pollution and environmental damage, its clients would have the financial capability to fulfil their contractual obligations. Further, such indemnities may be deemed legally unenforceable based on relevant law, including as a result of public policy.

All of the above-mentioned factors could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

**Failure to comply with the complex laws and regulations governing international trade could adversely affect the Group's operations**

The shipment of goods, services and technology by each of the Group's business segments across international borders subjects the Group to extensive trade laws and regulations. Import activities are governed by unique customs laws and regulations in each of the Group's countries of operation. Moreover, many countries control the export and re-export of certain goods, services and technology and impose related export recordkeeping and reporting obligations. Governments also may impose economic sanctions or embargoes against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities.

The laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner that materially impacts the Group's operations. Shipments can be delayed and denied export or entry for a variety of reasons, some of which are outside the Group's control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime or delay in deliverables. Any failure to comply with applicable legal and regulatory trading obligations could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import and export privileges.

*2.1.3 Operational and country risks*

**The Group's business involves numerous operating hazards and if a significant accident or other event occurs it could materially adversely affect the Group's results of operations, cash flows and financial condition**

The Group's operations are subject to hazards inherent in drilling for oil and gas, such as blowouts, reservoir damage, loss of production, loss of well control, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution. Contract drilling and the provision of well services require the use of heavy equipment and exposure to hazardous conditions. In particular, the MODU segment's operations are subject to hazards inherent in marine operations, such as capsizing, grounding, navigation errors, collision, oil and hazardous substance spills, damage from severe weather conditions and marine life infestations.

Damage to the environment could also result from the Group's operations and services, particularly from spillage of fuel, lubricants or other chemicals and substances used in drilling operations, or extensive uncontrolled fires. The Group may also be subject to property, environmental and other damage claims by oil and gas companies.

In addition, accidents or other operating hazards could result in the suspension of operations because of related machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services, or personnel shortages, which may in turn have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

**The Group's insurance coverage may prove insufficient if a significant accident or other event occurs**

The Group's insurance policies and contractual rights to indemnity may not adequately cover losses, and the Group does not have insurance coverage or rights to an indemnity for all risks. In addition, the Group's insurance coverage will not provide sufficient funds in all situations to protect the Group from all liabilities that could result from its operations, the amount of the Group's insurance cover may be less than the related impact on enterprise value after a loss, and the Group's coverage also includes policy limits. As a result, the Group retains the risk through self-insurance for any losses in excess of these limits. The Group may also decide to retain substantially more risk through self-insurance in the future.

Although it is the Group's policy to obtain contractual indemnities, it may not always be able to negotiate such provisions. Further, indemnities that the Group receives from clients may not be easily enforced and may be of limited value if the relevant clients do not have adequate resources to indemnify the Group.

No assurance can be made that the Group has, or will be able to maintain in the future, adequate insurance or indemnity against certain risks, and there is no assurance that such insurance or indemnification agreements will adequately protect the Group against liability from all of the consequences of the hazards and risks described above. The occurrence of a significant accident or other adverse event which is not fully covered by the Group's insurance or any enforceable or recoverable indemnity from a client could result in substantial losses for the Group and could materially adversely affect the Group's results of operations, cash flow and financial condition.

Please see Section 8.15 "Insurance" for a discussion of the Group's insurance and indemnities.

**The Group's business segments operate in various jurisdictions, thereby exposing the Group to risks inherent in international operations and subjecting the Group to compliance with the laws and regulations of the jurisdictions in which it operates**

The Group currently operates in approximately 20 countries, thereby exposing it to risks that are inherent to conducting international operations. The Group's international operations involve additional risks due to factors beyond the Group's control, including:

- terrorist acts, war and civil disturbances;
- seizure, nationalisation or expropriation of property or equipment;
- political unrest or revolutions;
- actions by environmental organisations;
- natural disasters;
- pollution or environmental damage;
- public health threats;
- claims by employees, third parties or clients;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- delays or difficulties in obtaining necessary visas and work permits for its employees;
- wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions; and
- country-specific regulatory or financial requirements.

Some of these risks, which may require or result in evacuation of personnel, cancellation of contracts or the loss of personnel or assets, could limit or disrupt the Group's operations and thereby have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

International oil and gas service providers are subject to various laws and regulations in various countries and jurisdictions, including laws and regulations relating to:

- the equipment requirements for, and operation of, drilling units, fixed installations and provision of well services;

- repatriation of foreign earnings;
- oil and gas exploration and development;
- taxation of offshore earnings and the earnings of expatriate personnel;
- customs duties on the importation of drilling units and equipment;
- the use and compensation of local employees; and
- the use of local suppliers, contractors, representatives and/or agents by the Group.

Some foreign governments favour or require (i) the awarding of drilling contracts to local contractors or to drilling units and/or equipment completely or partially owned by national individuals or legal persons, (ii) the use of a local representative/agent, (iii) the use of local suppliers, (iv) local registration of companies or branches of the operator and/or (v) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices, known as "local content requirements", may, to the extent that there is a limited supply of local suppliers, partners and contractors qualified for the Group's services, materially adversely affect the Group's ability to compete or to operate in those regions as well as the Group's costs and ultimately its results of operations.

Furthermore, local content requirements may result in risks related to corruption, the risk of the Company having less control of its operating entities due to joint venture structures and that a less experienced workforce is used, which again increases the operating risk.

It is difficult to predict what governmental regulations may be enacted in the future or how the local authorities' implementation, interpretation or enforcement of such regulations could adversely affect the international drilling industry and the Group's business. Further, failure to comply with applicable laws and regulations, including those relating to sanctions and export restrictions, may subject the Group to exclusion from the relevant market, loss of future and existing contracts, and criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets. While the Group maintains policies designed to comply with various foreign laws and regulations, it may not be possible for the Group to detect or prevent every violation in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. The Group or its directors, officers, and employees may therefore be subject to civil and criminal penalties and to reputational damage.

#### **Physical infrastructure and logistics systems in some of the areas where the Group operates are in poor condition**

Physical infrastructure and logistics systems, such as roads, air transport facilities and lines of communication, in certain areas of the world may be underdeveloped and may not have been adequately funded and maintained. This may have an effect on the efficiency and safety of the Group's operations in these regions due to reduced efficiency, predictability and safety in the transportation of equipment and personnel.

Breakdowns or failures of any part of the physical infrastructure or logistics systems in the areas where the Group operates may disrupt the Group's normal business activities, cause the Group to suspend operations or result in environmental damage to the surrounding areas.

Such circumstances, or any further deterioration of the physical infrastructure in the areas where the Group operates, may increase the costs of doing business and interrupt business operations, any or all of which could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition. In addition, as many new discoveries of oil are made in areas of the world that may still be developing the relevant infrastructure, the Group's exposure to this risk may increase in the future.

#### **The Group does business in jurisdictions with inherent risks relating to fraud, bribery and corruption**

Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. Fraud, bribery and corruption are more common in some jurisdictions than in others, and certain of the countries in which the Group operates and conducts business may experience high levels of government and business corruption. In addition, the oil and gas industries have historically been vulnerable to corrupt or unethical practices.

While the Group maintains anti-corruption training programs, codes of conduct and other safeguards designed to prevent the occurrence of fraud, bribery and corruption, it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. The Group and/or its directors, officers and employees may therefore be subject to civil and criminal penalties, including significant fines, and to reputational damage. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by the Group's joint venture partners or others with which the Group conducts business could also damage the Group's reputation and business. Due to the Group's international expansion, Odfjell Drilling is increasingly exposed to these risks through its use of various agents and representatives for whose actions on the Group's behalf Odfjell Drilling remains responsible. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates, including the UK Bribery Act and provisions of the Norwegian Criminal Act of 20 May 2005 No. 28, could have a material adverse effect on its results of operations and financial condition. In addition, as a result of the Group's anti-corruption training programs, codes of conduct and other safeguards, there is a risk that the Group could be at a commercial disadvantage and may fail to secure contracts within certain jurisdictions, to the benefit of other companies who may not have, or comply with, such anti-corruption safeguards.

### **The Group does business in jurisdictions that are subject to sanction regimes**

The Group has conducted business in certain jurisdictions that are subject to US trade embargoes and sanctions by the US Office of Foreign Assets Control, including countries which have been designated by the US government as state sponsors of terrorism, and may conduct business in jurisdictions that are subject to analogous Norwegian and European Union sanctions. The Group has typically generated revenue in some of these countries through the performance of well services and the rental of well equipment. For example, the Group has re-entered the Iranian market after a five year absence due to European sanctions and its first operations commenced in early July 2016.

Further, there can be no assurance that the relevant sanction regimes will not be expanded to include countries in which the Group currently operates or that the Group will not expand its operations into countries subject to sanctions. Failure to comply with sanctions could result in material fines and penalties, and damage to the Group's reputation. This could negatively affect the market price of the Shares. While the Group believes that it is in compliance with all applicable sanctions and embargo laws and regulations, and intends to maintain such compliance, there can be no assurance that the Group will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations.

## **2.2 Risks relating to the Group**

### **In order to execute the Group's growth strategy, the Group may require additional capital in the future, which may not be available**

To the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through debt or additional equity financings to execute the Group's growth strategy and to fund capital expenditures. Adequate sources of capital funding may not be available when needed or may not be available on favourable terms. The Group's ability to obtain such additional capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms. If the Group raises additional funds by issuing additional shares or other equity or equity-linked securities, it may result in a dilution of the holdings of existing shareholders. If funding is insufficient at any time in the future, the Group may be unable to fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations, cash flow and financial condition.

### **The Group's backlog may not be ultimately realised**

As of 31 March 2018, the Group had a backlog in its MODU segment and Platform Drilling business area of approximately USD 2.7 billion inclusive of priced optional periods. The Group's backlog represents the contracted future revenue under contracts for the drilling units and services provided by its MODU segment and Platform Drilling business area. The Group presents backlog both inclusive and exclusive of any priced optional periods exercisable by clients calculated to reflect the nominal value of the contract, detailed in Section 11.3.3 "Backlog". Backlog does not provide a precise indication of the time period over which the Group is contractually entitled to receive such revenues and there is no assurance that such revenue will be actually realised in the timeframes anticipated or at all.

Backlog is computed based on contractual terms with the relevant client; however, revenue included in the backlog may be subject to price indexation clauses.

There are a number of reasons why the Group may fail to realise expected backlog, including:

- cancellation, early termination or successful renegotiation of contracts by clients as a result of, among other reasons, adverse market conditions and, where the MODU segment enters into management contracts for newbuilds, delay in the delivery of such newbuilds;
- clients' discretionary invocation of suspension periods;
- clients' exercise of variation provisions, for example for the modification of a drilling unit;
- an inability of the Group to perform its obligations under contracts, including for reasons beyond its control; and
- a default by a client and failure to pay amounts owed.

Some of the Group's clients may experience liquidity issues, which could worsen if oil and gas prices decline to lower levels for an extended period of time. Liquidity issues could encourage clients who are experiencing financial difficulties to seek to repudiate, cancel or renegotiate agreements with the Group or result in such client's bankruptcy, insolvency or similar actions. The ability of the Group's clients to perform their obligations under their contracts with the Group may also be negatively impacted by uncertainty surrounding the development of the world economy and credit markets.

The Group's inability to realise backlog amounts could have a material adverse effect on the Group's results of operations, cash flows and financial condition.

#### **The Group's contracts may be subject to early termination due to certain events**

Some of the Group's existing clients have, and future clients may have, the right to terminate their contracts without cause in compliance with applicable notice periods. In addition, under certain circumstances, the Group's existing contracts permit, and future contracts may permit, a client to terminate its contract early without the payment of any termination fee, as a result of non-performance, delay, quality of deliverables or force majeure events. Many of these events are beyond the Group's control. Early termination of contracts may decrease the MODU segment's or the Platform Drilling business area's utilisation levels and reduce the revenue received by any businesses affected by the termination.

Although in relation to contracts for the MODU segment, clients may be required to pay the Group an early termination fee in certain circumstances, termination fees are generally not available under contracts for the Well Services segment, the Platform Drilling business area or the Technology business area. Even if the Group is entitled to early termination payments, such payments may not fully compensate the Group for the loss of the contract or the costs associated with the contract that it cannot fully eliminate.

During periods of challenging market conditions, the Group may be subject to an increased risk of its clients seeking to repudiate or delay commencement of their contracts, including through claims of non-performance.

If the Group's clients cancel their contracts with the Group and the Group is unable to secure new contracts on a timely basis and on substantially similar terms, or if contracts are suspended for an extended period of time, the Group's backlog could be reduced, which may have a material adverse effect on the Group's results of operations, cash flow and financial condition. See Section 11.3.3 "Backlog".

#### **The Group's future business performance depends on its ability to renew and extend existing contracts, and to win new contracts**

The Group's revenue is derived from contractual arrangements and its business areas use various contractual formats.

Contracts for the Well Services segment and the Platform Drilling business area are customarily for fixed lengths of time. The custom for contracts for the MODU segment's drilling units has, over the last few years, changed from being for fixed lengths of time to being well-based, which are contracts defined by completion of a specific service rather than the performance of a service for a fixed period of time.

Currently, the majority of the Group's drilling unit contracts are for fixed lengths of time. Contracts for the MODU segment and the Platform Drilling business area may include extension options that are exercisable at the discretion of the client. The extension options do not represent guaranteed commitments from clients to extend the period of the contract and there can be no assurance that the Group's clients will exercise the extension options or that the work performed under such extension options will be at prevailing market day rates or prices at the time the option to extend is exercised, as the Group agrees the day rates and prices for extension periods at the time of signing the original contract.

While the Group actively markets its drilling units prior to the end of a contract in anticipation of a client choosing not to exercise its extension option(s), if the client decides not to exercise the option(s), then the Group will need to secure a new contract for that drilling unit and any time lag in doing so could lead to a period of non-utilisation. The notice period for the exercise of options varies from 12 months to 15 days prior to completion, which leaves a tight timeframe for agreeing a new contract. Further, similar challenges may arise in relation to well-based contracts, as the timing and completion of services may be difficult to predict for such contracts.

For most of its businesses, particularly for the MODU segment, the Well Services segment and the Platform Drilling business area, the Group is primarily awarded contracts and, in certain circumstances, successfully renews certain existing contracts by participating in tender processes. However, some of the Group's contracts, especially the Technology business area's contracts, are entered into following direct negotiations with clients. Where the Group tenders for contracts, it is generally difficult to predict whether the Group will be awarded contracts on favourable terms or at all. The tenders are affected by a number of factors beyond the Group's control, such as market conditions, competition (including the intensity of the competition in a particular market), financing arrangements and governmental approvals required by clients.

In addition, the MODU segment is often required to pre-qualify to participate in tender processes by meeting certain thresholds of operational performance, including quality, health, safety and environment ("**QHSE**") requirements, and by demonstrating its ability to provide available equipment and sufficiently comply with local requirements. Generally, these thresholds and requirements for inclusion on pre-approved tender lists have become more stringent in recent years. If the Group fails to be pre-approved by clients for participation in tender processes, the Group will not be considered for inclusion in certain tender processes, the Group's business activities and/or utilisation may drop below expected levels, and its business, results of operations, cash flow and financial position may be adversely affected.

Certain of the MODU segment's contracts are due to expire in the next two years, with no subsequent contract currently agreed for the relevant drilling unit: one contract with Equinor on the NCS will expire during Q3/Q4 2018, one contract with Equinor on the NCS will expire during Q1 2019 and one contract with Aker BP on the NCS will expire during Q2 2020. These contracts include provisions for extension, but there can be no guarantee that such options will be exercised. In addition, the alliance agreement with Aker BP gives no guarantee of a minimum utilisation beyond what are firm commitments as per today. Also, certain of the Well Services and Drilling & Technology segments' contracts are due to expire in the next two years. For further information on these contracts, see Section 8.6.2.3 "Well Services - Key contracts" and Section 8.6.3.3 "Drilling & Technology - Key contracts".

The Group's ability to renew or extend existing contracts or sign new contracts will largely depend on prevailing market conditions. If the Group is unable to sign new contracts that start immediately after the end of its current contracts or, in the case of the MODU segment or the Platform Drilling business area, if new contracts are entered into at day rates or prices substantially below the existing day rates or prices, or on terms otherwise less favourable compared to existing contract terms, or which leave the Group with mobilisation or demobilisation costs that cannot be fully recovered, the Group's business, results of operations, cash flow and financial condition may be adversely affected.

**Unforeseen or unanticipated risks, costs or timing when bidding on or managing contracts could adversely affect the Group's business, results of operations and financial condition**

In preparation for a tender of a new contract, the Group assesses its current capacity, and, if it is awarded the contract, it determines how to deploy resources in order to perform its obligations under the contract. The Group's financial and operating performance depends on making accurate assumptions and estimates, as well as identifying key issues and risks (including, but not limited to, the degree of complexity of the project assumptions regarding rig efficiency or utilisation of equipment, operational expenses, mobilisation costs, tax payments, availability of skilled personnel and availability of critical equipment with long lead times) with respect to potential projects at the tender stage of the project, and ensuring that the pricing and contractual arrangements in relation to each project adequately safeguard the Group against, or compensate it for, such risks. Assumptions are particularly necessary when tendering for a new client or entering new product or geographic markets, as the Group does not yet have the experience on which it can base its assumptions for the tender. The Group must manage project risks efficiently and adapt to changes that occur during the life of a project. Even when a risk is properly identified, the Group may be unable to or may not accurately quantify it. Unforeseen or unanticipated risks, incorrect assumptions when bidding for a contract or unexpected client variation orders under contractual variation provisions (including, for example, orders for the modification of a drilling unit) may lead to increased costs for the Group and could adversely affect the Group's business, results of operations, cash flow and financial condition.

**2.3 Risks relating to operations**

**The Group, and in particular the MODU segment and the Platform Drilling business area, is exposed to client concentration risk**

The Group currently has four rigs in operation. As of 31 March 2018, four clients, Equinor, BP, Aker BP, and OMV, account for all of the MODU segment's backlog. In addition, as of 31 March 2018, five clients, Equinor, BP, Wintershall, TAQA and EnQuest, account for all of the Platform Drilling business area's backlog.

A number of factors could lead to a deterioration in the Group's relationships with its major clients, including, for example, any disputes between the Group and its clients with regard to, among other things, contract terms, non-performance, quality of deliverables or additional costs exceeding the contract price or for work performed but not included in the original contract specifications. These types of claims can arise for a number of reasons, including delays to or changes from the initial project scope. The Group's client concentration may exacerbate the impact of these disputes on the Group.

The Group's results of operations and cash flows could be materially adversely affected if any of its major clients fail to compensate the Group for its services, were to terminate their contracts with or without cause, fail to renew their existing contracts or refuse to award new contracts to the Group and the Group is unable to enter into contracts with new clients at comparable day rates.

**The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues**

In a situation where a drilling unit faces longer idle periods, reductions in costs may not be immediate as some of the crew may be required to prepare drilling units for the idle period. Should drilling units be idle for a longer period, the Group may seek to redeploy crew members who are not required to maintain the drilling units to active drilling units to the extent possible. However, there can be no assurance that the Group will be successful in reducing its costs under circumstances where its revenues may also have decreased.

Rental Equipment maintenance costs fluctuate depending upon the type of activity the drilling unit is performing and the age and condition of the Rental Equipment.

To the extent that changes in the Group's operating and maintenance costs are not proportionate to changes in operating revenues there may be a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

**The Group's newbuild projects are subject to risks which could cause delays or cost overruns and have a material adverse effect on the Group's business, results of operation, cash flows and financial condition**

The Group currently has an interest in one newbuild project, Deepsea Nordkapp. The Group will also consider additional newbuild projects in the future, as appropriate. All present and future newbuild construction projects are



or will be subject to risks of delay, quality issues, damage to personnel, equipment and environment, or cost overruns inherent in any large construction project due to numerous factors, including:

- shortages of equipment, materials or skilled labour;
- unscheduled delays in the delivery of ordered materials and equipment or shipyard construction;
- failure of equipment to meet quality and/or performance standards;
- financial or operating difficulties experienced by equipment vendors or the shipyard;
- lack of capacity at shipyards;
- unanticipated actual or purported change orders;
- inability to obtain required permits or approvals;
- unanticipated cost increases between order and delivery;
- design or engineering changes;
- the occurrence of accidents/incidents or other safety hazards;
- work stoppages and other labour disputes; and
- adverse weather conditions or any other events of force majeure.

Significant cost overruns or delays in projects under construction could materially adversely affect the Group's results of operations, cash flow and financial condition. Additionally, failure to complete a project on time or failure to meet technical or operational requirements imposed by relevant regulations or regulatory authorities may result in the delay or loss of revenue from that drilling unit and potential penalties from the client or cancellation by the client. While the Group seeks to allow a sufficient window after delivery of a drilling unit from the shipyards to customise the drilling unit according to client specifications and to mobilise the drilling unit as required for commencement of the contract, there can be no assurance that commencement will occur within the agreed delivery window. Should the Group fail to meet the delivery requirements in order to commence the contract, it could be liable for liquidated damages and other contractual remedies, or the client may terminate the contract. New drilling units may experience start-up difficulties following delivery or other unexpected operational issues that could result in uncompensated downtime or the termination of drilling contracts, which could also materially adversely affect the Group's results of operations, cash flow and financial condition.

**The Group must maintain and repair its drilling units, including maintaining the classification of the drilling units, which may lead to increased costs and loss of income**

The operation of the drilling units requires effective maintenance routines and functioning equipment. Certain pieces of equipment are critical for the drilling units' performance of the drilling services as required in client contracts. While efforts are made to continuously identify the need for critical spare parts and equipment, there is a risk of unpaid downtime resulting from the time needed to repair or replace equipment which may have a long delivery time should there not be readily available spare parts. In addition, downtime and suspension periods may be prolonged due to complications with repairing or replacing equipment as the drilling units may be situated in remote locations.

The drilling units go through an off-hire period in connection with the special period survey ("**SPS**") each fifth year to obtain re-classification. This is normally done at a shipyard. There is a risk that the duration of the yard stay is longer than scheduled, with a potential impact on utilisation, and that the costs related to the required work exceed its budget.

The decreased utilisation would typically result in decreased day rates for the drilling units and any cost overruns may have a material adverse effect on the Group's results of operations, cash flows and financial condition. See Section 11.3.2 "Revenue generation."

**Disruptions of deliveries by the Group's suppliers could increase operating costs, decrease revenues and adversely impact the Group's operations. In addition, consolidation of suppliers may limit the Group's ability to obtain supplies and services when needed at an acceptable cost or at all**

The Group relies, and will in the future continue to rely, on a significant supply of consumables, spare parts and equipment to operate, maintain, repair and upgrade its fleet of drilling units and maintain and develop its Well Services segment's business. Certain parts and equipment the Group uses in its operations may be available from only a small number of suppliers, manufacturers or service providers, or in some cases must be sourced through a single supplier, manufacturer or service provider. A disruption in the deliveries from such third-party suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment could adversely affect the Group's ability to meet its commitments to clients, adversely impact the Group's operations and revenues or increase the Group's operating costs.

In addition, during the last decade the number of available suppliers for drilling packages to the MODU segment's drilling units has been reduced due to industry consolidation, resulting in fewer alternatives for sourcing key supplies, replacement parts, and services. The drilling packages for the drilling units are complicated and require a long lead time to deliver, so proper management of procurement is required and, once selected, the Group must continue to use the same supplier for replacement parts. Further, certain key equipment used in the Group's business may be protected by patents and other intellectual property of the suppliers, sub-suppliers or others. This may limit the Group's ability to obtain supplies and services when needed, at an acceptable cost or at all. Cost increases, delays or unavailability could materially adversely affect the Group's future operations and result in higher rig downtime due to delays in repair and maintenance of the Group's fleet, which may in turn have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

**The Group relies on third parties, including subcontractors, to complete some parts of its projects and may be adversely affected by the sub-standard performance or non-performance of those third party subcontractors**

The Group engages third-party subcontractors to perform some parts of its projects, primarily for certain elements of the Technology business area's engineering projects. The Group may not have the skills to perform the work undertaken by its subcontractors and any inability to hire qualified subcontractors could hinder the successful completion of a project. Further, the Group's employees may not be able to monitor or control the performance of these subcontractors as efficiently as they could if that work was performed by the Group itself. The Group may suffer losses on contracts if the amounts it is required to pay for subcontractor services exceed its original estimates. While the Group seeks to mitigate the risks associated with subcontractors by imposing contractual obligations on its subcontractors that mirror those it has with its clients, obtaining insurance cover for the entire project and (in some cases) requesting bank guarantees to cover non-performance by subcontractors of the relevant parts of the projects, the subcontracting of work exposes the Group to risks associated with non-performance, delayed performance or sub-standard performance.

**The Group's purchase of existing drilling units, spare parts and equipment carries risks associated with the quality of such assets**

The Group has in the past acquired existing equipment, supplies and replacement parts as a way of renewing parts of its drilling units and Rental Equipment, and may acquire existing drilling units, equipment, supplies and replacement parts in the future. Unlike newly built assets, existing assets purchased by the Group will typically not carry warranties with respect to their condition. While the Group generally inspects any existing assets prior to purchase, such an inspection would normally not provide the Group with as much knowledge of its condition as it would possess if the asset had been built for the Group and operated by the Group during its life. Repairs and maintenance costs for existing assets are difficult to predict and may be more substantial than for newly built equipment. These costs could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

**The Group may not be able to successfully implement its strategies**

The Group's strategies as described in Section 8.3 "Overall strategy" are: (i) to continue its primary focus on the harsh environment market; (ii) to increase cost efficiencies without compromising on health and safety standards; (iii) to expand prudently; and (iv) to achieve a balanced portfolio that includes a diversity of clients, a mix of medium- and long-term contacts and growth across all of its segments. Maintaining and expanding the Group's operations and

achieving its other objectives involve inherent costs and uncertainties and there is no assurance that the Group will achieve its objectives. There is no assurance that the Group will be able to undertake these activities within its expected time-frame, that the cost of any of the Group's objectives will be at expected levels or that the benefits of its objectives will be achieved within the expected timeframe or at all. The Group's strategies may also be affected by factors beyond its control, such as volatility in the world economy and in each of its markets, the capital expenditure and investment by its clients and the availability of acquisition opportunities in a market. Any failures, material delays or unexpected costs related to the implementation of the Group's strategies could have a material adverse effect on its business, financial condition, cash flow and results of operations.

**Loss of key personnel or the failure to obtain or retain highly skilled personnel could materially adversely affect the Group's operations**

The Group's success depends on its retention of key personnel and its ability to recruit, retain and develop skilled personnel for its business. Shortages of qualified personnel or the Group's inability to obtain and retain qualified personnel could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition, and particularly on the Drilling & Technology segment due to the engineering and technical experience required in this segment.

**Labour interruptions could have a material adverse effect on the Group's operations**

As of 31 March 2018, the Group had approximately 927 employees in its MODU segment, 472 employees in its Well Services segment and 712 employees in its Drilling & Technology segment. Labour interruptions in any of these segments may materially impact the Group. In particular, the Group's drilling units are operated with offshore crews and onshore personnel, many of whom are organised in labour unions. Although the Group has not experienced any labour disruptions in connection with its own personnel since 2004, there can be no assurance that labour disruptions by the Group's employees will not occur in the future. Further, unionised employees of third parties on whom the Group relies may be involved in strikes or other forms of labour unrest, causing operational disruptions for the Group. Such industrial actions could result in additional costs to the Group, as well as limitations on the Group's ability to operate its drilling units or provide services to its clients, which may have a material adverse impact on its business, results of operations, cash flow and financial condition.

**The Group's labour costs and related operating costs could increase as a result of a number of factors**

A number of factors could increase the Group's labour costs and potentially affect other costs of operations. For example, high growth within the industry in the future may increase the cost of qualified personnel and equipment. There may also be increased costs related to local content requirements.

Although the Group's contracts with clients typically include price escalation clauses, which establish agreed annual rate increases typically linked to a relevant index to cover the Group's increased costs, there can be no assurance that such clauses will be included or that they will be sufficient to fully compensate the Group for the higher personnel expenses or related operational costs. Further, certain countries where the Group operates may lack a suitable price escalation index, which makes it difficult for the Group to negotiate an acceptable escalation clause. The Group's incurrence of additional labour related costs could have a material adverse effect on the Group's business, results of operations cash flow and financial condition.

**Damage to the Group's reputation and business relationships may have an adverse effect beyond any monetary liability**

The Group's business depends on client goodwill, the Group's reputation and on maintaining good relationships with its clients, joint venture partners, suppliers, other business partners, employees and regulators. Any circumstances that publicly damage the Group's goodwill, injure the Group's reputation or damage the Group's business relationships may lead to a broader adverse effect on its business and prospects than solely the monetary liability arising directly from the damaging events by way of loss of business, goodwill, clients, joint venture partners and employees.

**The Group relies on information technology systems to communicate with its drilling units and conduct its business, and disruption, failure or security breaches of these systems could adversely affect its business and results of operations**

The Group relies heavily on information technology ("IT") systems in order to communicate with its drilling units and achieve its business objectives, such as replication technology that allows each drilling unit's maintenance support

system to remain operative even if the central maintenance system is non-operative. The Group relies upon industry accepted security measures and technology such as access control systems to securely maintain confidential and proprietary information maintained on its IT systems, and market standard virus control systems. However, the Group's portfolio of hardware and software products, solutions and services and its enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond its control, such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber-attacks or other malicious software programs. The failure or disruption of the Group's IT systems to perform as anticipated for any reason could disrupt the Group's business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation, and the loss of suppliers or clients. A significant disruption or failure could have a material adverse effect on the Group's business operations, financial performance and financial condition.

**The Group may not be able to keep pace with a significant step change in technological development**

The market for the Group's services is affected by significant technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance throughout the industry. As a result, the Group's future success and profitability will be dependent in part upon its ability to:

- improve existing services, drilling units and Rental Equipment;
- address the increasingly sophisticated needs of its clients; and
- anticipate major changes in technology and industry standards and respond to technological developments on a timely basis.

If the Group is not successful in acquiring new equipment or upgrading its existing drilling units or Rental Equipment, or the technical skill set of its employees, on a timely and cost-effective basis in response to technological developments or changes in industry standards, or if a significant step change in technology provides an alternative method for drilling, this could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

**Policies, procedures and systems to safeguard employee health, safety and security may not be adequate or sufficiently implemented or adhered to**

The Group has detailed and specialised policies, procedures and systems to safeguard employee health, safety and security. The Group aims to follow best practices for employee health, safety and security in every country in which the Group operates. However, if these policies, procedures and systems are not adequate, or employees or contractors do not receive adequate training or instructions, or the Group's safety policies are not implemented properly in local jurisdictions, the consequences could be severe including injury or loss of life, which could impair the Group's reputation and operations and cause it to incur significant liability. Distance from certain principal locations can create further difficulty for the Group in implementing and impressing upon local workforces its policies on matters such as health and safety, and can present challenges in the supervision of its sub-contracted employees.

Further, the Group's clients and/or other third parties are generally responsible for securing the areas surrounding the drilling units and the onshore bases from which the Group operates. Accordingly, the Group may have limited to no control over security measures and other systems designed to avoid or mitigate such hazards and must rely on third parties to ensure the security of the drilling units from risks. Although the Group's clients generally assume the responsibility and costs for security, there can be no assurance that the Group will not be required to assume the responsibility and costs for security in the areas surrounding its drilling units and onshore bases in the future.

Failure to deliver consistently high standards across all fields of operations could create risks for the Group, including legal action and reputational risks, and could impact its success in winning future contracts.

**2.4 Risks relating to laws, regulation and litigation**

**The Group may be subject to litigation that could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition**

The operating hazards inherent in the Group's business expose the Group to litigation, including personal injury litigation and environmental litigation. Providing drilling and well services, project management, engineering and

construction services involves the risk of contractual and professional errors, omissions, warranty claims and other liability claims, as well as negative publicity that may adversely affect the Group's business, financial condition and results of operations. The Group is also exposed to intellectual property and tax litigation as well as maritime lawsuits, which could result in the possible seizure of the drilling units as security. While the Group is currently not involved in any litigation that may have a material adverse effect on the Group's financial position or profitability, there can be no assurance that the Group may not become involved in such litigation in the future. The Group cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have a material adverse effect on the Group's business, results of operations, cash flow, financial condition and have a potential negative outcome. There also may be significant costs associated with bringing or defending such lawsuits, and management's attention to these matters may divert their attention from the Group's operations.

**Technology disputes involving the Group, the Group's suppliers or sub-suppliers could impact the Group's operations**

The services provided by the Group utilise patented or otherwise proprietary technology, and consequently involve a potential risk of infringement of third party rights. It is not uncommon for industry participants to pursue legal action to protect their intellectual property. The Group is not currently aware of patents that create the risk of the Group infringing third party rights. However, there can be no assurance that other industry participants will not pursue legal action against the Group to protect intellectual property that the Group utilises in Norway or in other jurisdictions in which the Group operates. Where such industry participants pursue legal action, it could result in limitations on the Group's ability to use the patented technology or require the Group to pay a fee for the continued use of intellectual property.

The majority of the intellectual property rights relating to the drilling units and related Rental Equipment are owned by the Group's suppliers or sub-suppliers. In the event that one of the Group's suppliers or sub-suppliers, or the Group, becomes involved in a dispute over infringement of intellectual property rights relating to assets owned or used by the Group, the Group may lose access to repair services, replacement parts, or could be required to cease use of the relevant assets or intellectual property. The Group could also be required to pay royalties for the use of such assets or intellectual property. The consequences of technology disputes involving the Group's suppliers could materially adversely affect the Group's business, results of operations and financial condition. Certain of the Group's contracts with its suppliers provide the Group with contractual rights to indemnity from the supplier against intellectual property lawsuits on a limited basis. However, such contractual rights to indemnity may not adequately cover losses or cover all risks, and no assurances can be given that the Group's suppliers will be willing or financially able to indemnify the Group against these risks, or that such contractual indemnities will protect the Group from adverse consequences of such technology disputes.

In addition, the Group, and in particular its Well Services segment (which has the most established intellectual property portfolio of the Group's business segments), may choose to pursue legal action to protect the Group's intellectual property. If the Group is unable to protect and maintain its intellectual property rights, or if there are any successful intellectual property challenges or infringement proceedings against the Group, its ability to differentiate its service offerings could diminish. There are currently no such cases ongoing, but there is no guarantee that such cases or claims will not be raised in the future.

In addition, from time to time, the Group may pursue action to challenge patents of competitors, suppliers and others. Should these cases not succeed, the Group may be subject to legal costs and may not be able to use the patented technology or may have to pay a fee for the continued use of such patents.

The consequences of any of the intellectual property disputes with third parties described above could materially adversely affect the Group's business, results of operations and financial condition.

**The Group is exposed to risk due to its use of certain trademarks such as the "Odfjell" name**

The Group has the right to use the "Odfjell" name, logo and domain and has registered the trademarks "Odfjell Drilling", "Deepsea" and its corporate logo in multiple jurisdictions in which it operates. However, there are other companies unrelated to the Group that may have similar names or marks, including Odfjell SE, a shipping group that also has the right to use the "Odfjell" name.

The Group can make no assurances that it in the future will retain the right to continue to use its trademarks in its operations and marketing in any jurisdiction, particularly where unrelated companies using the same name already

hold a relevant trademark. Further, the Group has no control over the actions of other such companies using the "Odfjell" name. Actions by such companies could harm the Group's reputation, which could in turn materially adversely affect the Group's business, results of operations, cash flow and financial condition.

**A change in tax laws of any country in which the Group operates from time to time, or complex tax laws associated with international operations which the Group may undertake from time to time, could result in a higher tax expense or a higher effective tax rate on the Group's earnings**

The Group will from time to time conduct operations through various subsidiaries in countries throughout the world. Tax laws and regulations are highly complex and subject to interpretation and change. For example, if Norwegian shareholders control a company (i.e. directly or indirectly own or control at least 50% of the shares or the capital of the company) resident in a low tax jurisdiction, such Norwegian shareholders may be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations). Such taxation could apply with respect to the Group if the Group becomes subject to the control of Norwegian shareholders. If the Norwegian shareholders of the Group are subject to Norwegian CFC taxation, such Norwegian shareholders are taxed in Norway on their proportionate share of the net profits generated by the relevant foreign company, including the Company, calculated according to Norwegian tax regulations. The income will be subject to Norwegian taxation, currently at a rate of 23%. For the purposes of minimising this risk, the Company's Bye-Laws provide that the Board of Directors may decline to register the transfer of any interest in any Share in the register of members or decline to direct any registrar, appointed by the Company, to register the transfer where such transfer would result in 50% or more of the shares or votes in the Company being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or connected to a Norwegian business activity, in order to mitigate the possibility that the Company is deemed a "Controlled Foreign Company" as such term is defined under the Norwegian tax rules. Norwegian tax legislation may, however, be subject to changes which can also possibly be made on a retrospective basis, and there can be no assurance that this approach will continue to mitigate the impact of the relevant tax legislation in the future.

**A loss of a major tax dispute or a successful tax challenge to the Group's operating structure or to the Group's tax payments, among other things, could result in a higher tax rate on the Group's earnings, which could have a material adverse effect on the Group's earnings and cash flows**

From time to time, the Group's tax payments may be subject to review or investigation by tax authorities of the jurisdictions in which the Group operates. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies, the taxable presence of its subsidiaries in certain countries, or if the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, the Group's effective tax rate on its earnings could increase substantially and the Group's earnings and cash flows from operations could be materially adversely affected. There are, for instance, several transactions taking place between the companies in the Group, which must be carried out in accordance with arm's length principles in order to avoid adverse tax consequences. Statutory documentation on a transfer pricing policy with the aim of determining arm's length prices for intercompany transactions has been established in order to minimise this risk. However, there can be no assurance that the tax authorities will conclude that the Group's transfer pricing policy calculates correct arm's length prices for intercompany transactions, which could lead to an adjustment of the agreed price, which would in turn lead to an increased tax cost for the Group.

## **2.5 Risks related to financing and market risk**

**The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or the Company's ability to declare dividends to its shareholders**

As at 31 March 2018, the book value of the Group's current and non-current interest-bearing borrowings was USD 1,224 million, representing 57.50% of its total equities and liabilities. See Section 9 "Capitalisation and indebtedness". The current indebtedness and future indebtedness that the Group may incur could affect the Group's future operations, as a portion of the Group's cash flow from operations will be dedicated to the payment of interest and principal on such debt and will not be available for other purposes. Covenants contained in the Group's debt agreements require the Company, its subsidiaries and/or the Group to meet certain financial measures. These may affect the Group's flexibility in planning for, and reacting to, changes in its business and limit the Group's ability to dispose of assets or use the proceeds from such dispositions, withstand current or future economic or industry downturns or compete with others in the industry for strategic opportunities. In addition, such financial measures do and could further place restrictions on the Group's ability to declare dividends to its shareholders. See Section 11.7.1

"Material borrowings" for further information on any restrictive covenants pertaining to the Group's existing debt arrangements. The Group's ability to meet its debt service obligations and to fund planned expenditures, including construction costs for any current and future newbuild project(s), will be dependent upon the Group's future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting the Group's operations, many of which are beyond the Group's control. The Group's future cash flows may be insufficient to meet all of its debt obligations and contractual commitments, and any such insufficiency could adversely affect the Group's business. To the extent that the Group is unable to repay its indebtedness as it becomes due or at maturity, the Group may need to refinance its debt, raise new debt, sell assets or repay the debt with the proceeds from equity offerings.

Although the Group has agreed the main terms of the bank financing of Deepsea Nordkapp, the contemplated financing facility of USD 325 million necessary to finance Deepsea Nordkapp is not finally committed or agreed at the date of this Prospectus. Should the Group fail to enter into the final facility agreement or not obtain the necessary approvals to fully utilise the facility to take delivery of Deepsea Nordkapp, this may have a material adverse effect on the Group's cash flow and financial condition.

Additional indebtedness or equity financing may not be available to the Group in the future for the refinancing or repayment of existing indebtedness, and the Group may not be able to complete asset sales in a timely manner sufficient to make such repayments.

**If the Group is unable to comply with the restrictions and the financial covenants in the agreements governing its indebtedness, there could be a default under the terms of these agreements, which could result in an acceleration of repayment of funds that have been borrowed**

If the Group is unable to comply with the restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default or cancellation under the terms of those agreements. The Group's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on its future performance. See Section 11.7.1 "Material borrowings" for further information on any restrictive covenants pertaining to the Group's existing debt arrangements. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. Borrowings under debt arrangements that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable. In addition, certain of the Group's financing agreements include change of control provisions which if triggered could result in the Group having to immediately prepay all amounts, including interest, accrued and owing under the relevant facility. If any of these events occur, the Group cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favourable or acceptable. The occurrence of such events may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

**Interest rate fluctuations could affect the Group's cash flow and financial condition**

The Group has incurred, and may in the future incur, significant amounts of debt. The Group is exposed to interest rate risk primarily in relation to its long-term borrowings issued at floating interest rates. The Group evaluates the share of interest rate hedging based on an assessment of the Group's total interest rate risk and currently has a combination of borrowings that bear interest at fixed and floating rates in order to limit exposure to interest rate risk. Less than 20% of the Group's long-term debt was hedged at the time of the Prospectus. There can be no assurance that such hedging arrangements will be effective or that all or a material part of the Group's interest rate exposure will be hedged. See Section 11.7.1 "Material borrowings". As such, movements in interest rates could have material adverse effects on the Group's cash flow and financial condition.

**Fluctuations in exchange rates and non-convertibility of expenses could result in financial losses for the Group**

The Group has currency exposure to both transaction risk and translation risk.

Transaction risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to transaction risks due to fluctuations in exchange rates as it receives revenue primarily in USD but its relevant operating expenses are primarily in local currencies. In certain markets where the Group operates, it may experience currency exchange losses when revenue is received and expenses are paid in non-convertible currencies or when the Group does not hedge an exposure to

the relevant foreign currency. The Group may also incur losses as a result of an inability to collect revenue due to a shortage of convertible currency available in the country of operation or controls over currency exchange.

Translation risk arises due to the conversion of amounts denominated in foreign currencies to USD, the Group's reporting and functional currency. Given the international nature of the Group's business, a significant portion of its assets, liabilities, revenues and expenses are denominated in currencies other than USD. In addition, some of the Group's subsidiaries have other reporting and functional currencies, including NOK, GBP and EUR. Consequently, any change in exchange rates between its operating subsidiaries' functional currencies and USD affects its consolidated income statement and balance sheet when the results of those operating subsidiaries are translated into USD for reporting purposes. Because the Company does not hedge its exposure to such currency translation risks, decreases in the value of its operating subsidiaries' functional currencies against the USD may reduce those operating subsidiaries' contributions in USD terms to the Company's business, financial condition, results of operations and cash flow.

## **2.6 Risks related to Group structure**

### **The Company is a holding company and is dependent upon cash flow from subsidiaries to meet its obligations and in order to pay dividends to its shareholders**

The Group currently conducts its operations through, and most of the Group's assets are owned by, the Group's subsidiaries. As such, the cash that the Group obtains from its subsidiaries is the principal source of funds necessary to meet its obligations. Contractual provisions or laws, including laws or regulations related to the repatriation of foreign earnings, as well as the Group's subsidiaries' financial condition, operating requirements, restrictive covenants in its debt arrangements and debt requirements, may limit the Group's ability to obtain cash from subsidiaries that it requires to pay its expenses or meet its current or future debt service obligations or to pay dividends to its shareholders. For example, the Norwegian Limited Liability Companies Act imposes certain legal restrictions on dividends, loans and advances from Norwegian subsidiaries that may affect the ability of the Group's subsidiaries to transfer funds to the Company. Applicable tax laws may also subject such payments to the Group by subsidiaries to further taxation. See Section 11.7.1 "Material borrowings" for further information on any restrictive covenants pertaining to the Group's existing debt arrangements.

The inability to transfer cash from the Group's subsidiaries may mean that, even though the Group may have sufficient resources on a consolidated basis to meet its obligations or to pay dividends to its shareholders, the Group may not be permitted to make the necessary transfers from its subsidiaries to meet such obligations or to pay dividends to its shareholders. Likewise, the Group may not be able to make necessary transfers from its subsidiaries in order to provide funds for the payment of its obligations, for which the Group is or may become responsible under the terms of the governing agreements of the Group's indebtedness. A payment default by the Group, or any of the Group's subsidiaries, on any debt instrument would have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

### **The Group's financial condition may be materially adversely affected if the Group fails to successfully integrate acquired assets or businesses, or is unable to obtain financing for acquisitions on acceptable terms**

The Group believes that acquisition opportunities may arise from time to time, and that any such acquisition could be significant. At any given time, discussions with one or more potential sellers may be at different stages. However, any such discussions may not result in the consummation of an acquisition transaction, and the Group may not be able to identify or complete any acquisitions or make assurances that any acquisitions the Group makes will perform as expected or that the returns from such acquisitions will support the investment required to acquire or develop them. The Group cannot predict the effect, if any, that any announcement or consummation of an acquisition would have on the trading price of the Shares.

Any future acquisitions could present a number of risks, including:

- the risk of using management time and resources to pursue acquisitions that are not successfully completed;
- the risk of failing to identify material problems during due diligence;
- the risk of over-paying for assets;



- the risk of failing to arrange financing for an acquisition as may be required or desired;
- the risk of incorrect assumptions regarding the future results of acquired operations;
- the risk of failing to integrate the operations or management of any acquired operations or assets successfully and timely; and
- the risk of diversion of management's attention from existing operations or other priorities.

In addition, the integration and consolidation of acquisitions requires substantial human, financial and other resources, including management time and attention, and may depend on the Group's ability to retain the acquired business' existing management and employees or recruit acceptable replacements. Ultimately, if the Group is unsuccessful in integrating any acquisitions in a timely and cost-effective manner, the Group's results of operations, cash flow and financial condition could be materially adversely affected.

**The Group has engaged in divestments that may subject it to associated risks and liabilities**

The Group has provided certain representations, warranties and indemnities in connection with the businesses it has sold, including in connection with the recent disposal of its shares in Robotic Drilling Systems AS (now Canrig Robotic Technologies AS) in August 2017. As a result, the Group may be subject to the risk of liability for breach of representations and warranties and/or indemnity obligations in favour of the respective buyers. For example, in the sale and purchase agreement related to the sale of the rig mooring business, the Group agreed to provide certain representations and warranties regarding the operations of Deep Sea Mooring AS and the condition of the related equipment. While the Group does not currently believe there will be claims under these representations, warranties and indemnities, it is possible that claims could be made against the Group in the future. If such a claim or claims were successful, it could have a material adverse effect on the Group's results of operations, cash flows and financial position.

**The market value of the drilling units and Rental Equipment and/or those the Group may acquire in the future may decrease, which could cause the Group to incur losses due to impairment of book values or if it decides to sell assets**

The fair market value of the drilling units and Rental Equipment currently owned by the Group and/or those the Group may acquire in the future, may increase or decrease depending on a number of factors, including:

- general economic and market conditions affecting the offshore contract drilling industry, including competition from other offshore contract drilling companies;
- types, sizes and ages of the drilling units and Rental Equipment;
- supply and demand for drilling units and equipment;
- cost of newbuilds;
- prevailing level of drilling services contract day rates;
- drilling unit day rates and utilisation rates;
- government laws and regulations, including environmental protection laws and regulations and such laws becoming more stringent; and
- technological advances.

If the book value of any drilling unit or Rental Equipment exceeds the fair market value, the Group may suffer impairment of the book value of its assets and consequently suffer a loss. Further, an impairment may cause a breach of the Group's equity level and equity ratio under the financial covenants of certain of its financing arrangements. See Section 11.7.1 "Material borrowings". Also, should the Group sell any drilling unit or Rental Equipment when prices have fallen, the sale may be at a loss. The book value of the drilling units, including periodic

maintenance represented approximately 78% of the Group's total assets as at 31 March 2018. Such loss could have a material adverse effect on the Group's business prospects, results of operations, cash flow and financial condition.

## **2.7 Risks relating to the Shares**

### **The market value of the Shares may fluctuate significantly, which could cause investors to lose a significant part of their investment**

An investment in the Shares may decrease in market value as well as increase. The market value of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the Company or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the Group, its products and services or its competitors, lawsuits against the Group, unforeseen liabilities, changes in management, changes to the regulatory environment in which it operates or general market conditions.

### **Odfjell Partners Ltd. has significant voting power and the ability to influence matters requiring shareholder approval**

Following completion of the Subsequent Offering, it is expected that Odfjell Partners Ltd. will remain the largest shareholder of the Company and will, accordingly, continue to have a majority of the shareholder vote, thereby having the ability to significantly influence the outcome of matters submitted for the vote of the Company's shareholders, including the election of members of the Board of Directors. The commercial goals of Odfjell Partners Ltd. as a shareholder, and those of the Group, may not always be aligned and this concentration of ownership may not always be in the best interest of the Group's other shareholders. For example, Odfjell Partners Ltd. could delay, defer or prevent a change of control, impede a merger, deny a potential future equity offering, amalgamation, consolidation, takeover or other business combination involving the Group, or discourage a potential acquirer from attempting to obtain control of the Group. Although it is expected that Odfjell Partners Ltd. will remain the major shareholder of the Company after the Subsequent Offering, no assurance can be given that this will continue on a permanent basis. If Odfjell Partners Ltd. were no longer a major shareholder of the Company, or if its commercial goals were not in the best interest of the Group, this could have a material adverse effect on the market value of the Shares.

### **Future sales, or the possibility for future sales, of substantial numbers of Shares may affect the Shares' market price**

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on their market price. Sales of substantial amounts of the Shares in the public market following the Offering, including by Odfjell Partners Ltd. (which, following the Private Placement, is expected to hold approximately 60% of the shares of the Company), or the perception that such sales could occur, may adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares at a time and price that they deem appropriate.

### **Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares**

It is possible that the Company may in the future decide to offer additional shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. See Section 2.2 "Risks relating to the Group - In order to execute the Group's growth strategy, the Group may require additional capital in the future, which may not be available". There can be no assurance the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not be able to purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, holdings of existing shareholders may be diluted.

### **Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK**

The Shares will be priced and traded in NOK on the Oslo Stock Exchange and, although any future payments of dividends on the Shares will be denominated in USD, such dividends will be distributed through the VPS in NOK. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will however receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB Bank ASA, being the Company's VPS

registrar, to issue a check in a local currency, a check will be issued in U.S. dollars. The issuing and mailing of checks will be executed in accordance with the standard procedures of DNB Bank ASA, Foreign Payments Department. The exchange rate(s) that is applied will be DNB Bank ASA's exchange rate on the date and time of day for execution of the exchange for the issuance of the check. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Furthermore, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

**Investors may not be able to exercise their voting rights for Shares registered in a nominee account**

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the VPS prior to any general meeting. The Group can provide no assurances that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

**The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions**

Neither the Shares nor the Subscription Rights have been registered under the U.S. Securities Act or any U.S. state securities laws or under the laws of any other jurisdiction outside Norway and Bermuda and are not expected to be registered in the future. As such, the Shares may not be offered or sold and the Subscription Rights may not be granted except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. See Section 18 "Selling and transfer restrictions". In addition, there can be no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

Bermuda law permits the transfer of shares listed or admitted to trading on an appointed stock exchange (as such term is defined in the Companies Act 1981, as amended, of Bermuda (the "**Bermuda Companies Act**") (an "**Appointed Stock Exchange**")) such as the Oslo Stock Exchange, to be effected in accordance with the rules of such stock exchange without a written instrument of transfer. Further, the Bermuda Monetary Authority pursuant to the Bermuda Exchange Control Act 1972 and associated regulations has granted (i) its consent for the issue and transfer of the Shares to and between residents and non-residents of Bermuda for exchange control purposes provided that the Shares are listed on the Oslo Stock Exchange or any other Appointed Stock Exchange on or within fourteen days, or the relevant issue or transfer, and (ii) a general permission for the issue and transfer of shares and/or securities in companies incorporated in Bermuda from and/or to a non-resident of Bermuda where such company has any "Equity Securities" (meaning a share issued by a Bermuda company which entitles the holder to vote for or to appoint one or more directors or a security which by its terms is convertible into a share which entitles the holder to vote for or appoint one or more directors) listed on an Appointed Stock Exchange. Accordingly, the Shares can be registered in the VPS and title to the Shares can be evidenced and transferred without a written instrument and the consent and the general permission of the Bermuda Monetary Authority for the issuance and transfer of shares shall apply as long as the Shares are listed and traded on the Oslo Stock Exchange. If the Shares are no longer listed or admitted to trading on the Oslo Stock Exchange or any other Appointed Stock Exchange, or if the Oslo Stock Exchange ceases to be an Appointed Stock Exchange, the Shares may only be transferred by written instrument in accordance with the terms of the Bye-Laws of the Company and with the prior consent of the Bermuda Monetary Authority.

**The Company may be unwilling or unable to pay any dividends in the future**

Pursuant to the Company's dividend policy, dividends are only expected to be paid if certain conditions described in Section 6.1 "Dividend policy" are fulfilled. In addition, the Company may choose not, or may be unable, to pay dividends in future years. The amount of dividends paid by the Company, if any, for a given financial period, will depend on, among other things, the Company's future operating results, cash flows, financial position, capital requirements, the sufficiency of its distributable reserves, the ability of the Company's subsidiaries to pay dividends to the Company, credit terms, general economic conditions and other factors that the Company may deem to be significant from time to time.

**The limited free float of the Shares may have a negative impact on the liquidity of and market price for the Shares**

Following the Private Placement, approximately 60% of the issued and outstanding share capital is expected to be held by Odfjell Partners Ltd. The limited free float may have a negative impact on the liquidity of the Shares and result in a low trading volume of the Shares, which could have an adverse effect on the then prevailing market price for the Shares.

**Eligible Shareholders who do not participate in the Subsequent Offering may experience significant dilution in their direct or indirect shareholding in the Company**

Subscription Rights that are not exercised by the end of the Subscription Period will have no value and will automatically lapse without compensation to the holder. To the extent that an Eligible Shareholder does not exercise its Subscription Rights prior to the expiry of the Subscription Period, whether by choice or due to a failure to comply with procedures set forth in Section 17 "The completed Private Placement and the terms of the Subsequent Offering", or to the extent that an Eligible Shareholder is not permitted to subscribe for Offer Shares as further described in Section 18 "Selling and transfer restrictions", such Eligible Shareholder's proportionate ownership and voting interests in the Company on a fully diluted basis after the completion of the Private Placement and the Subsequent Offering will be diluted.

**Any default under the Preference Share Investment Agreement and/or the Warrant Investment Agreement may have a material adverse effect on the Group**

The Company has issued Preference Shares and Warrants governed by the Preference Share Investment Agreement described in Section 14.4 "The Preference Shares" and the Warrant Investment Agreement described in Section 14.10 "Other financial instruments", respectively. Certain defaults by the Company under said agreements may trigger the Call Option, pursuant to which the Company will be obliged to purchase all of the Preference Shares at a premium, result in the Preference Shares being given voting rights in the Company and/or give the holder(s) of Warrants the right to subscribe for new common Shares with immediate effect. Such events of default may have a material adverse effect on the Group's business prospects, results of operations and financial condition and may also lead to dilution of the existing shareholders' ownership and/or voting interests in the Company.

**2.8 Risks related to the Company's incorporation in Bermuda**

**Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers**

The Company is an exempted company limited by shares incorporated under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by Bermuda law and the Company's memorandum of association and Bye-Laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. With one exception, the members of the Board of Directors are not residents of the United States, and a substantial portion of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on those persons in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons based on the civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against the Company or its directors or officers under the securities laws of other jurisdictions. The United States and Bermuda do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters.

**The Company has anti-takeover provisions in its Bye-Laws that may discourage a change of control**

The Company's Bye-Laws contain provisions that could make it more difficult for a third party to acquire the Company without the consent of the Board of Directors. These provisions provide that:

- the Board of Directors can decline to register certain transfers of shares where the transfer would result in 50% or more of the issued and outstanding shares or votes of the Company being held, controlled by or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or such shares or votes being effectively connected to a Norwegian business activity, in order to avoid the Company being deemed a "Controlled Foreign Company" pursuant to Norwegian tax rules; and

- the Board of Directors can, subject to prior approval of the Company's shareholders, determine the powers, preferences and rights of the Company's shares including any preference shares and, subject to prior shareholder approval, to issue the shares and/or preference shares without further shareholder approval.

These provisions could make it more difficult for a third party to acquire the Company, even if the third party's offer may be considered beneficial by many shareholders.

**Various conditions may cause an adverse tax effect for the shareholder if the Company pays dividends**

Dividends declared and paid by a Bermuda company may be subject to local tax in the investor's home country, and each investor should make such investigations for himself/herself. Norwegian corporate shareholders will for instance be subject to Norwegian taxation as dividends will be deemed as taxable income for the receiver, and such dividends will be subject to 23% tax and the same tax rate will apply with respect to capital gains for such investors. See Section 16.2.1 "Taxation of dividends" below for more details.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared by Odfjell Drilling Ltd in connection with the Subsequent Offering described herein and the listing of the Private Placement Shares and the Offer Shares on the Oslo Stock Exchange.

The Board of Directors of Odfjell Drilling Ltd accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

19 June 2018

#### **The Board of Directors of Odfjell Drilling Ltd**

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Helene Odfjell  
*Director*

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Carl-Erik Haavaldsen  
*Chairman of the Board*

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Bengt Lie Hansen  
*Director*

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Henry H. Hamilton III  
*Director*

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Kirk L. Davis  
*Director*

## 4 GENERAL INFORMATION

### 4.1 Other important investor information

The Company has furnished the information in this Prospectus. No representation or warranty, express or implied is made or given by the Joint Bookrunners or any of their affiliates or any of their respective directors, officers or employees or any other person as to the accuracy, completeness, fairness or verification of the information or opinions set forth herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Joint Bookrunners assume no responsibility for the contents of this Prospectus or for any other statements made or purported to be made by either themselves or on their respective behalf in connection with the Company, the Group, the Private Placement, the Subsequent Offering or the Offer Shares and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Joint Bookrunners, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares or holder of the Subscription Rights regarding the legality of an investment in the Offer Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares and the use of the Subscription Rights to subscribe for Offer Shares.

Although the Joint Bookrunners and the Managers are party to various agreements pertaining to the Private Placement and the Subsequent Offering and each of the Joint Bookrunners and the Managers has or might enter into a financing arrangement with the Company or any of their affiliates, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. See Section 2 "Risk factors".

### 4.2 Presentation of financial and other information

#### 4.2.1 Financial information

The financial information contained in this Prospectus related to the Group has been derived from the Group's audited consolidated financial statements as of and for the years ended 31 December 2017, 2016 and 2015 (the "**Financial Statements**") and the Group's unaudited condensed consolidated financial statements as of and for the three months' periods ended 31 March 2018 and 2017 (the "**Interim Financial Statements**" and together with the Financial Statements, the "**Financial Information**"), incorporated by reference hereto, see Section 19.3 "Incorporation by reference".

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union (the "**EU**"). The Interim Financial Statements have been prepared in accordance with IAS 34.

The Financial Statements for the years ended 31 December 2017, 2016, and 2015 have been audited by PricewaterhouseCoopers AS ("**PwC**"), as set forth in their report thereon included therein. The Interim Financial Statements have not been audited.

Odfjell Drilling presents the Financial Information and the Interim Financial Information in USD (presentation currency).

#### 4.2.2 Non-IFRS financial measures

In this Prospectus, the Company presents certain non-IFRS financial measures and ratios:

"**Contract backlog**" means the Company's fair estimation of revenue in firm contracts and relevant optional periods for MODU and Platform Drilling measured in USD - subject to variations in currency exchange rates.

The non-IFRS financial measures presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under

generally accepted accounting principles. The non-IFRS financial measures presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The Company believes that the non-IFRS measures presented herein are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors. Accordingly, the Group discloses the non-IFRS financial measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies calculate the non-IFRS financial measures presented herein differently, the Group's presentation of these non-IFRS financial measures may not be comparable to similarly titled measures used by other companies.

"**EBIT**" means earnings before interest and tax.

"**EBITDA**" means earnings before interest, tax, depreciation and appreciation.

"**EBIT margin**" means EBIT/operating revenue.

"**EBITDA margin**" means EBITDA/operating revenue.

"**Equity ratio**" means total equity/total equity and liabilities.

"**Financial utilisation**" is measured on a monthly basis and comprises the actual recognised revenue for all hours in a month, expressed as a percentage of the full day rate for all hours in a month. Financial utilisation is only measured for periods on charter.

"**Net interest-bearing debt**" means non-current interest-bearing borrowings plus current interest-bearing borrowings less cash and cash equivalents.

"**Net (loss) profit**" means profit (loss) for the period after taxes.

#### 4.2.3 *Industry and market data*

In this Prospectus, the Company has used industry and market data obtained from independent industry publications, market research, and other publicly available information, including from International Energy Agency ("**IEA**")<sup>3</sup>, Rystad Energy<sup>4</sup>, IHS Petrodata database<sup>5</sup>, KCA Deutag<sup>6</sup>, Archer<sup>7</sup>, and other publicly available information. While the Company has compiled, extracted and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. Further, although certain graphs in Section 7 "Industry and market overview" are based on IHS Petrodata information, IHS Petrodata has not taken part in the preparation of these graphs. The Company cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and

<sup>3</sup> Information from this source in the Prospectus is available by subscription at [www.worldenergyoutlook.org/](http://www.worldenergyoutlook.org/).

<sup>4</sup> Information from this source in the Prospectus is available by subscription at [www.rystadenergy.com](http://www.rystadenergy.com).

<sup>5</sup> Information from this source in the Prospectus is available by subscription at [www.ihs.com/info/en/a/ods-petrodata/index.aspx](http://www.ihs.com/info/en/a/ods-petrodata/index.aspx).

<sup>6</sup> Information from this source in the Prospectus is available at [www.kcadeutag.com](http://www.kcadeutag.com).

<sup>7</sup> Information from this source in the Prospectus is available at [www.archerwell.com](http://www.archerwell.com).



statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk factors" and elsewhere in this Prospectus.

#### 4.2.4 *Other information*

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**USD**" are to the lawful currency of the United States, all references to "**GBP**" are to the lawful currency of the United Kingdom, all references to "**EUR**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency.

#### 4.2.5 *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

### **4.3 Cautionary note regarding forward-looking statements**

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. All statements other than statements of historical facts included in this Prospectus, including, but not limited to, statements relating to the Company's financial position, the strengths of the Group, business strategy and the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, are forward-looking statements. These forward-looking statements can often, but not necessarily, be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear in a number of places throughout this Prospectus and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industry in which the Group operates, such as, but not limited to, with respect to number of wells to be drilled and demand for ultra-deepwater drilling units in the future, exploration and production companies' ultra-deepwater drilling unit backlog in the future and yard capacity for building of new ultra-deepwater units in the future.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- the effect of changes in demand, pricing and competition for the Group's existing and future drilling units;
- wells to be drilled and demand for ultra-deepwater drilling units in the future;
- exploration and production companies ultra-deepwater drilling unit backlog in the future;

- yard capacity for building of new ultra-deepwater units in the future;
- the competitive nature of the business the Group operates in and the competitive pressure and changes to the competitive environment in general;
- earnings, cash flow, dividends and other expected financial results and conditions;
- the price volatility of oil and gas products;
- the ability to secure sufficient employment opportunities for the Group's existing drilling units;
- the utilisation level for the Group's existing drilling units;
- the state of the Group's relationships with major clients, suppliers and joint venture partners;
- the quality of goods and services provided to or on behalf of the Group by suppliers, joint venture partners and subcontractors;
- level of required repair, maintenance expenditures and replacement costs on the existing and new drilling units of the Group;
- technological changes and new products and services introduced into the Group's market and industry;
- fluctuations of interest and exchange rates;
- changes in general economic and industry conditions, including changes to tax rates and regimes;
- political, governmental, social, legal and regulatory changes (including regulations relating to bribery and corruption, health, safety and the environment);
- dependence on and changes in management and failure to retain and attract a sufficient number of skilled personnel;
- access to funding; and
- legal proceedings.

The risks that are currently known to the Company and which could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk factors", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

The forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

#### **4.4 Exchange rates**

The following table sets forth, for the previous five years as indicated, information regarding the average, high, low and period end reference rates for the Norwegian kroner, expressed in NOK per USD, in each case rounded to the nearest four decimal places, based on the daily exchange rate announced by the Central Bank of Norway:

<b>Fiscal year</b>	<b>Average</b>	<b>High</b>	<b>Low</b>	<b>Period end</b>
2013.....	5.8768	6.2154	5.4438	6.0837 <sup>1</sup>
2014.....	6.3019	7.6111	5.8611	7.4332 <sup>1</sup>
2015.....	8.0739	8.8090	7.3593	8.8090 <sup>1</sup>
2016.....	8.3987	8.9578	7.9766	8.6200 <sup>2</sup>
2017.....	8.2630	8.6781	7.7121	8.2050 <sup>3</sup>
2018 (through 31 May 2018).....	7,8873	8,2729	7,6579	7,9791

1 31 December is the last recorded date by the Central Bank of Norway for the financial period ended 31 December 2013, 2014 and 2015.

2 30 December is the last recorded date by the Central Bank of Norway for the financial period ended 31 December 2016.

3 29 December is the last recorded date by the Central Bank of Norway for the financial period ended 31 December 2017.

The following table sets forth, for the previous six months indicated, information regarding the average, high, low and period end reference rates for the Norwegian kroner, expressed in NOK per USD, in each case rounded to the nearest three decimal places, based on the daily exchange rate announced by the Central Bank of Norway:

<b>Month</b>	<b>Average</b>	<b>High</b>	<b>Low</b>	<b>Period end</b>
November.....	8.1853	8.3043	8.1140	8.3043
December.....	8.3147	8.4103	8.2050	8.2050 <sup>1</sup>
January.....	7.9092	8.1055	7.6760	7.6760
February.....	7.8327	7.9836	7.6579	7.8724
March.....	7.7655	7.9369	7.7039	7.7773 <sup>2</sup>
April.....	7.8370	8.0025	7.7391	7.9990
May.....	8,1004	8,2729	7,9791	7,9791

1 29 December 2017 is the last recorded date by the Central Bank of Norway for the period.

2 28 March 2018 is the last recorded date by the Central Bank of Norway for the period.

## **5 REASONS FOR THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING**

The purpose of the Private Placement was to finance the Company's growth ambitions and raise capital for general corporate purposes. At the time of the Private Placement, the Company was considering various opportunities for growth, one of which was the potential purchase of "Deepsea Nordkapp", a Moss CS60E semi-submersible drilling rig construction ("**Deepsea Nordkapp**") to be constructed at Samsung Heavy Industries Co., Ltd (the "**Yard**" or "**SHI**").

On 30 April 2018, the Company declared the purchase and construction agreement for Deepsea Nordkapp effective on the terms further described in Section 8.6.1.3 "Mobile Offshore Drilling Units - Key contracts". The net proceeds from the Private Placement has hence been used to part finance the acquisition of Deepsea Nordkapp as further described in Section 8.6.1.3 "Mobile Offshore Drilling Units - Key contracts".

The main purpose of the Subsequent Offering is to enable the Eligible Shareholders to subscribe for Shares in the Company at the same price as in the Private Placement, thus limiting dilution of their shareholding. Eligible Shareholders are shareholders of the Company as of 19 April 2018 (as registered in the VPS on the Record Date), except for shareholders (i) who were invited to apply for Private Placement Shares in the "pre-sounding" of the Private Placement, (ii) who were allocated Private Placement Shares in the Private Placement, or (iii) who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action.

The net proceeds from the Subsequent Offering, if any, will be used for general corporate purposes.

## **6 DIVIDEND AND DIVIDEND POLICY**

### **6.1 Dividend policy**

The Company aims to ensure that shareholder returns reflect the Company's value creation and will consist of both dividends and a positive share price development. The Company will target a long-term dividend annual pay-out representing approximately 30 – 40% of its net profit on a consolidated basis. The Company has a high focus on value creation and will have a dividend policy that will preserve the interest of the Company and its shareholders.

The Preference Shares will entitle the holder(s) to receive a preferred cash dividend of 5% per annum and a cumulative PIK dividend of 5% per annum (to be paid/accumulated semi-annually). From the date falling six years after the issuance of the Preference Shares (i.e. from 29 May 2024), there will be a step-up in the cash dividend to 8% per annum for the first subsequent year, 9% per annum for the second subsequent year and 10% per annum for each year thereafter, provided that the preference capital and accrued dividends have not been repaid. If the Company fails to make a semi-annual payment of cash dividend, the applicable cash dividend payable from that date shall be increased by 5% per annum until all accrued, payable and unpaid cash dividends have been paid in full.

Until the preference capital and accrued dividends have been repaid in full, the Company can as a starting point only pay dividends or make other distributions to its holders of Shares provided that (i) all accrued and payable cash dividends to the holder(s) of Preference Shares have been paid, (ii) the Company after the relevant distribution has an equity value of at least USD 300 million and (iii) the relevant distribution does not exceed 50% of the net profits from the preceding financial year. The Company may distribute amounts in excess of said thresholds if a similar portion of the preference capital as the excess amount is repaid prior to the distribution. From the date falling six years after the date of the issue of the Preference Shares (i.e. from 29 May 2024), the Company cannot pay any dividends prior to repaying the preference capital and accrued dividends in full.

When deciding whether to declare and pay a dividend, the Board of Directors will take into consideration a number of factors, including market outlook, contract backlog, cash flow generation, capital expenditure plans and funding requirements whilst maintaining adequate financial flexibility. The Board of Directors may revisit the dividend policy from time to time.

The proposal in any year to pay any dividend is further subject to:

- The limitations found in the terms of certain loans made to the Group, that the Company may not distribute dividends prior to 31 December 2020, and when declaring dividends after that point in time, the dividends may not constitute an amount higher than 50% of the Group's net income (adjusted for any write downs of rigs and after taxes paid) in its previous financial year and that dividends may not be declared without the prior written consent of certain of the lenders, see Section 11.7 "Borrowings and contractual obligations" for more information in this respect;
- The limitations found in the Preference Share Investment Agreement as described above and in Section 14.4 "The Preference Shares"; and
- Sufficiency of the distributable reserves.

The Company has not paid any dividends for the financial years ended 31 December 2015, 2016 or 2017.

### **6.2 Legal constraints on the distribution of dividends**

A Bermuda company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than its liabilities. "Contributed surplus" is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the Company. Under the Bye-Laws, the Board of Directors may declare dividends and distributions without the approval of the general meeting of shareholders. Further, the Company's subsidiaries may be subject to applicable legal constraints on the distribution of dividends in the jurisdiction in which they are incorporated, such as sufficiency of distributable reserves.

### **6.3 Manner of dividend payments**

Although any future payments of dividends on the Shares will be denominated in USD, such dividends will be distributed through the VPS in NOK. Any dividend will be paid to the shareholders through the VPS. Shareholders registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' account, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with its bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Any dividend which has remained unclaimed for 7 years from the date when it became due for payment shall, if the Board resolves, be forfeited and cease to remain owing by the Company.

## 7 INDUSTRY AND MARKET OVERVIEW

*The Company has used industry and market data obtained from independent industry publications, market research, and other publicly available information, including data from Rystad Energy and IHS-Petrodata in order to prepare the following overview of the offshore drilling industry<sup>8</sup>. While the Company has compiled, extracted and reproduced data from external sources, the Company has not independently verified the correctness of such data. The Company therefore cautions investors not to place undue reliance on the above mentioned data. Unless otherwise indicated, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.*

*The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced. As far as the Company is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties is presented, the source of such information is identified.*

*Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and can thus not give any assurances as to the accuracy of market data, which has been extracted from such publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and do not, necessarily, reflect actual market conditions. Such statistics are based on market research, which, itself, is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.*

*As a result, investors should be aware that statistics, statements and other information relating to markets, market sizes, market shares, market positions and other industry data set forth in the following (and projections, assumptions and estimates based on such data) may not be reliable indicators of the Group's future performance and the future performance of the offshore drilling industry.*

*The following discussion contains forward-looking statements, see Section 4.3 "Cautionary note regarding forward-looking statements". The forward-looking statements in this Section 7 are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, and such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk factors" and elsewhere in this Prospectus.*

### 7.1 Introduction

Odfjell Drilling is a drilling, engineering and well services provider, offering a fleet of mobile offshore drilling units along with engineering services, well services and platform operation services to both onshore and offshore drilling operations, with an offshore focus.

### 7.2 General industry drivers

Growth and demand within the offshore oil and gas services industry are affected by the following key factors:

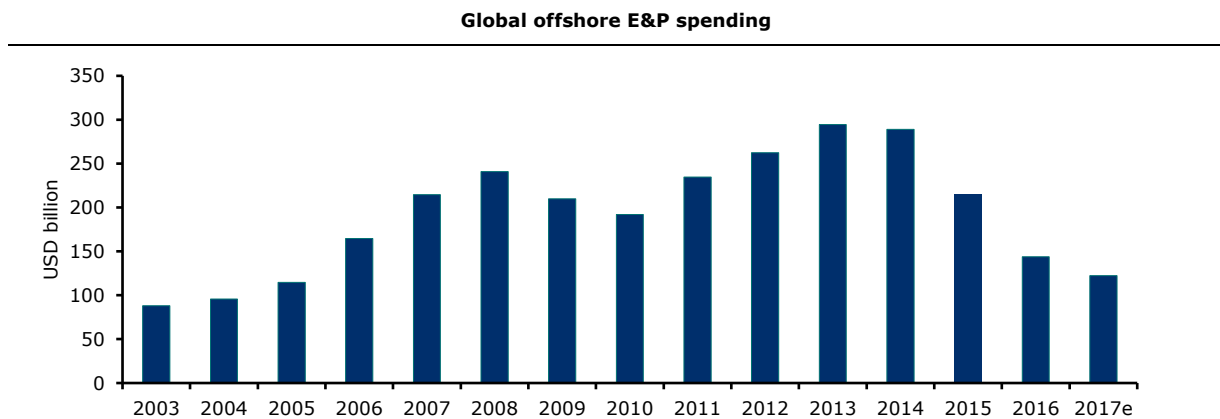
- (i) **Oil and gas prices and demand:** Oil and gas E&P spending is the key driver of demand in the oil and gas services industry. E&P spending is directly linked to the earnings of oil and gas companies which are, in turn, dependent on average oil and gas prices. Volatility in oil prices can therefore reduce the ability of oil and gas companies to budget for increased E&P spending. As oil prices fell from an average of USD 109/barrel (Unit of Brent oil – "Bbl.") in H1 2014 to an average of USD 54/Bbl. in 2015, the lower price along with uncertainty of future price development caused a material reduction in exploration and development spending in 2015, 2016 and 2017, respectively.

According to the IEA, global oil demand is expected to increase steadily to 118.8 mb/d in 2040, from 93.9 mb/d in 2016, and the average price of crude oil is predicted to rise to USD 136/barrel (under the current

<sup>8</sup> Rystad Energy and IHS-Petrodata data may be accessed by purchasing subscriptions through the following links: <https://www.rystadenergy.com/products/> and <https://login.ods-petrodata.com/>.

policy scenario in year 2016 USD) by 2040.<sup>9</sup> Overall demand is expected to increase with approximately 1.3mb/d (1.3%) from a total demand of 97.8mb/d to 99.1 mb/d. Non-OECD is forecast to average out approximately 51.88 mb/d in 2018, an increase of 1.32 mb/d compared to 2017 and well above the OECD average of 47.26 mb/d.<sup>10</sup>

- (ii) **Emphasis on E&P spending:** As mentioned above, the decline in crude oil prices in 2014 is having a negative impact on the demand for the offshore oil and gas services industry in general. The figure below shows the development in global offshore E&P spending from 2003 to 2017.



Source: Rystad Energy U-Cube 19 February 2018

According to the IEA, upstream oil and gas investments was approximately USD 440 billion in 2017, almost 45% lower than the historic high in 2014.<sup>11</sup> The 2014 oil price drop triggered a rapid reduction in upstream costs, as slack in supply and service chains has been followed by simplification and redesign of projects awaiting final approval. Furthermore, companies have directed their attention towards projects with shorter payback periods. According to the IEA, these cost reductions are expected to be difficult to permanently maintain, especially due to the projected increase in demand.<sup>12</sup>

- (iii) **Reserve replacements:** The future production capacity of the oil and gas industry depends on the ability of oil and gas companies to maintain a sustainable reserve replacement ratio through the discovery and development of new reservoirs or improvements in oil recovery techniques. Since 2006, the average decline of current producing oilfields has been around four percent.<sup>13</sup> In combination with increasing demand for oil, the future production capacity of the oil and gas industry depends on the ability of oil and gas companies to maintain a sustainable reserve replacement ratio through the discovery and development of new reservoirs or improvements in oil recovery techniques.
- (iv) **Drilling technology and innovation:** Recent advances in offshore technology have improved the ability of oil and gas companies to develop reservoirs in deeper waters, and in harsh and more remote locations. A new class of drilling rigs has emerged, with the ability to drill wells of up to 40,000 feet, in water depths of up to 12,000 feet, and with them, new types of subsea construction vessels and production facilities.
- (v) **General political and economic environment:** Changes in the political, economic and regulatory environment across regions affect global demand for oil services. The political and regulatory regimes of a country also have a significant impact on the level of oil and gas extraction activity within its territory. Changes in tax rules could also alter the profitability of certain projects and accordingly, E&P spending.
- (vi) **Increased focus on QHSE:** Due to the potentially serious consequences of an accident within the offshore oil and gas industry, the industry has developed high standards to mitigate risks associated with quality,

<sup>9</sup> Source: IEA, World Energy Outlook 2017, 13 November 2017.

<sup>10</sup> Source: IEA, Oil Market Report, 14 December 2017.

<sup>11</sup> Source: IEA, World Energy Outlook 2017, 13 November 2017.

<sup>12</sup> Source: IEA, World Energy Outlook 2017, 13 November 2017.

<sup>13</sup> Source: "Wagging the dog", DNB Markets – Torbjørn Kjus, 2017.



health, safety and the environment. There has been an increased focus on this area after the Macondo incident in 2010, and, to an increasing extent, oil and gas companies will contract only with oil and gas companies that have the procedures and know-how to adequately manage these risks. This trend has increased the barriers to entry in the industry.

### **7.3 The mobile offshore drilling market**

#### *7.3.1 Introduction*

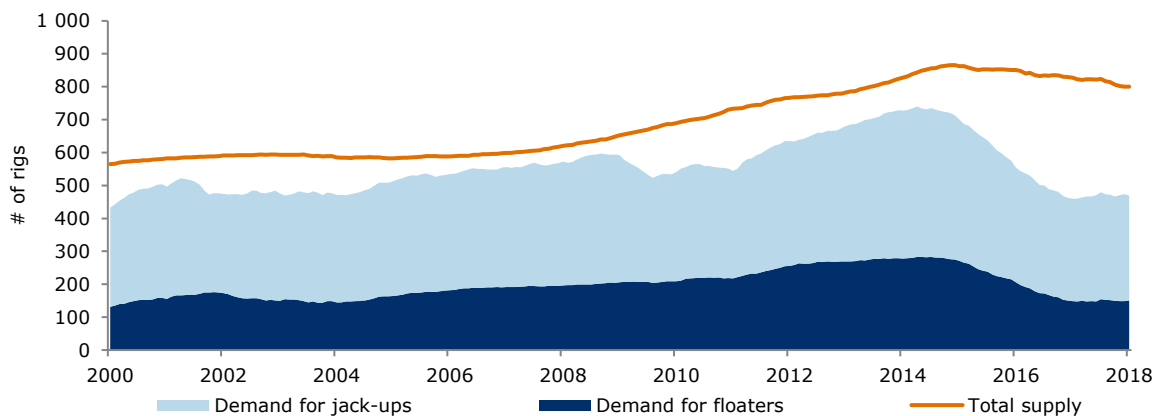
The market for mobile offshore drilling units is commonly divided into segments based on rig type and capabilities with respect to water depths and geographical area of operation. Most rigs are owned by industry participants who provide drilling services as their primary or only activity. The profitability of the offshore drilling industry is largely determined by the balance between supply and demand for rigs. Offshore drilling contractors can mobilise rigs from one region of the world to another, or reactivate cold stacked rigs in order to meet demand in various markets. Offshore drilling contractors typically operate their rigs under contracts received either by submitting tenders in competition with other contractors or following direct negotiations. The rate of compensation specified in each contract depends on the number of available rigs capable of performing the work, the nature of the operations to be performed, the duration of work, the amount and type of equipment and services provided, the geographic areas involved and other variables. Generally, contracts for drilling services specify a daily rate of compensation and can vary significant in duration, from weeks to several years. Mobile offshore drilling units are generally marketed on a worldwide basis and are transported between locations through the use of built-in propulsion systems or external rig-moving vessels.

Global offshore drilling expenditure increased significantly in the period from 2004 to 2013 (with a larger drop in 2009 and 2010). Approximately USD 478 billion was spent on offshore drilling services from 2000 to 2014 according to Rystad Energy's estimates. North America and North West Europe represented the major share of the spending. The significant decline in oil and gas prices during the latter part of 2014, and throughout 2015 and 2016, led to an abrupt reduction in demand for rigs in 2015 and onwards.

Periods of high rig demand are typically followed by a shortage of rigs and consequently higher day rates that in turn make it profitable for industry participants to place orders for new drilling units. This was also the case prior to the 2014 oil price decline, where several industry participants ordered newbuild rigs in response to the market appetite and the prevailing high prices. However, following the onset of deteriorating market conditions between 2015 and 2016, the number of rigs continued to increase mainly due to the number of rigs coming off contract with no follow on work, and partly due to the inflow of previously ordered newbuilds (albeit slower than originally planned), turning an excess rig demand into an excess supply of rigs, consequently reducing day rates. The total offshore drilling rig supply currently counts 798 and the numbers under contract counts 479, implying overall utilisation of 60%.

The figure below illustrates the development in supply and demand in the offshore drilling market. The category "Demand" reflects the number of rigs actually working at any given time.

### Supply and demand of offshore drilling rigs



Source: IHS Petrodata RigBase as of 19 February 2018

#### 7.3.2 Mobile offshore drilling segments

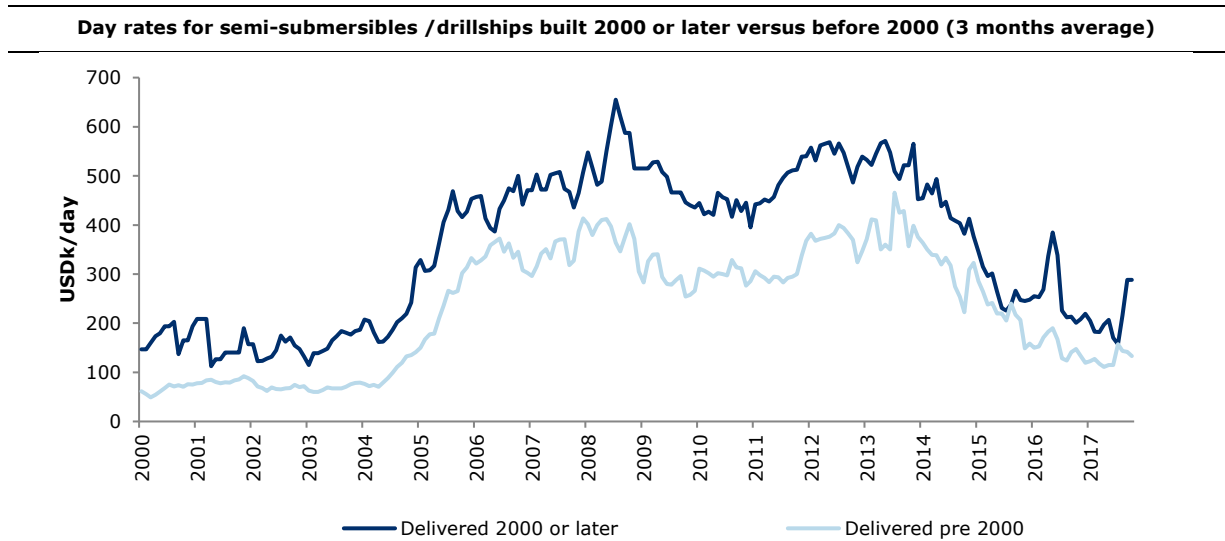
All offshore rigs provide varying levels of storage, workspace, drilling and water depth capabilities as well as the living quarters necessary to support well construction and maintenance services to the oil and gas customer 24 hours a day. However, there are three main types of mobile offshore drilling segments: semi-submersibles, drillships and jack-ups, and four water depth categories: shallow water (0 to 400 feet), midwater (400 to 3,000 feet), deepwater (3,000 to 7,500 feet) and ultra-deepwater (7,500 feet and more). Mobile offshore drilling units are also designated harsh environment or non-harsh environment, according to the geographical segment in which they are designed to operate, for more information see Section 7.3.3 "The harsh environment market" below.

Below is a short description of the main segments:

- Semi-submersible:** Floating platforms with a ballasting system, operating in a "semi-submerged" position, with the lower hull ballasted below the waterline. The rigs can either be moored, dynamically positioned or a combination of both. Semi-submersibles operate worldwide in both midwater, deepwater and ultra-deepwater areas. However, semi-submersibles are generally well suited to operate in midwater areas globally. Due to the good motion characteristics of semi-submersibles, the rigs are well suited to operate in harsh environment areas, for more information see Section 7.3.3 "The harsh environment market" below. The global fleet of semi-submersible rigs consists of 157 units, of which 14 are under construction, and of which four are high-specification and harsh environment.
- Drillship:** Generally self-propelled ships that can either be equipped with conventional mooring systems or dynamic positioning systems. Drillships operate in both the midwater, deepwater and ultra-deepwater areas globally, depending on what the specific rig is dimensioned and equipped for. However, drillships are well suited for ultra-deepwater drilling, also in remote locations due to its mobility and high load capacity. Typical areas of operation by geography are Brazil, West Africa, and the US Gulf of Mexico. The global drillship fleet consists of 144 units, of which 28 are currently under construction.
- Jack-up:** A jack-up drilling rig is towed to the drill site with its hull riding in the water and its legs raised. At the drill site, the jack-up drilling rig's legs are lowered until they penetrate the sea bed and its hull is elevated until it is above the surface of the water. After the completion of drilling operations at a drill site, the hull is lowered until it rests on the water, the legs are raised and the drilling rig can be relocated to another drill site. Jack-up units typically operate in relatively shallow water depths, and generally up to approximately 400 ft. To move jack-up rigs long distances (e.g. when mobilising from one region to another), the rig is transported on board a heavy-lift vessel with the entire rig travelling above the water line (a "dry tow"). Typical areas of operation by geography are the Middle East, Southeast Asia, West Africa and the North Sea. The global jack-up rig fleet consists of 630 units, of which 91 are currently under construction.

In recent years, a large influx of newbuild deliveries has created further classes of units pending on year of delivery, generally split between modern (delivered ex yard 2000 or later) and rigs built prior to 2000. Generally, modern rigs

have higher utilisation and receive higher day rates compared to older rigs. Using floaters as a proxy, the below figure shows the difference between day rates for semi-submersibles/drillships built 2000 or later versus before 2000 (3 months average).

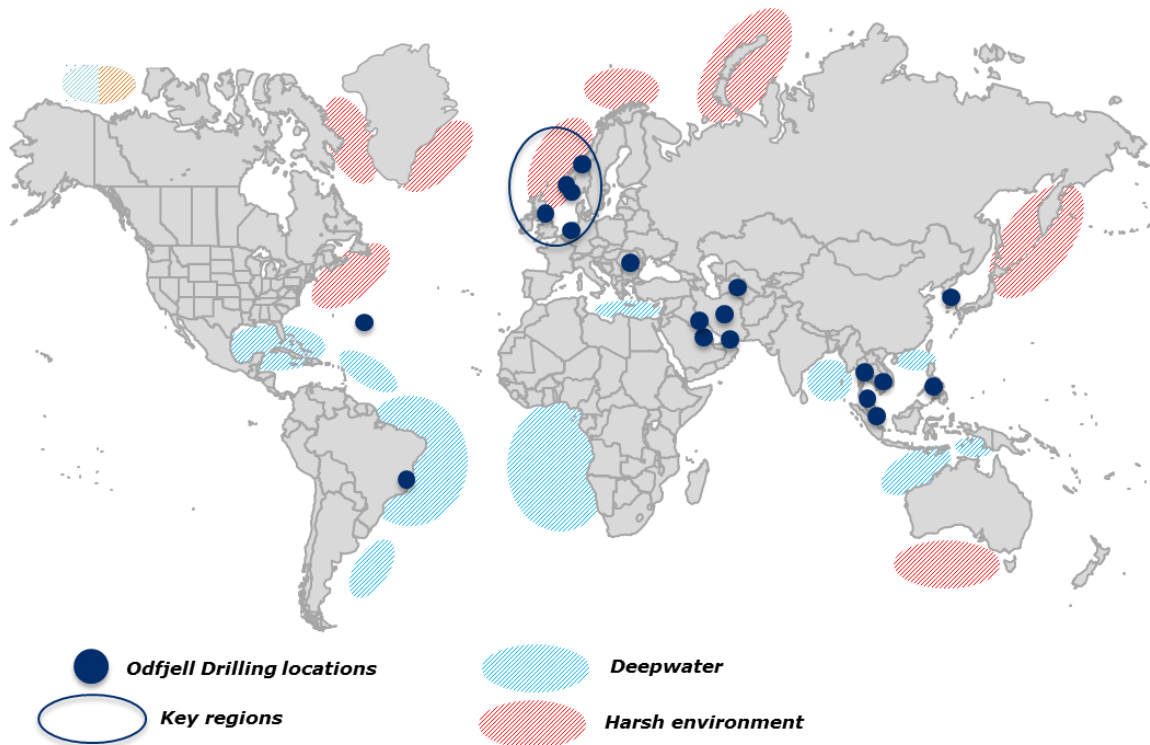


Source: IHS Petrodata RigBase as of 19 February 2018

### 7.3.3 The harsh environment market

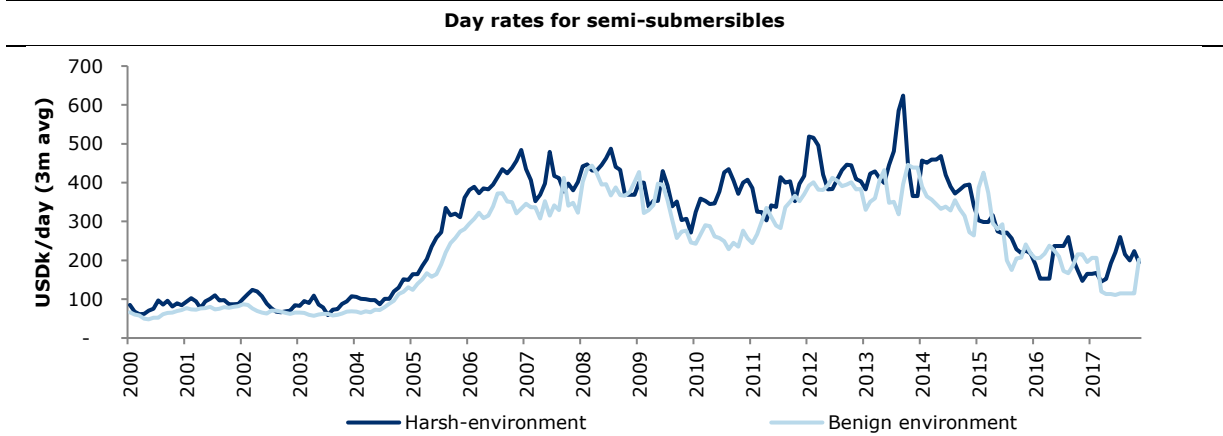
Oil exploration and development is increasing in colder and more remote areas, such as the Arctic, off of the west coast of Australia and the Falkland Islands. These "harsh environment" locations are often characterised by low temperatures, rough seas, strong winds, limited daylight and in some cases the challenges of encountering ice. These conditions impose high barriers to entry from an operational perspective, thus suppliers in the harsh environment market have tended to enjoy higher utilisation rates and both longer contract durations and lead-times compared to other offshore drilling markets.

**Geographical market overview – key harsh and deepwater locations**



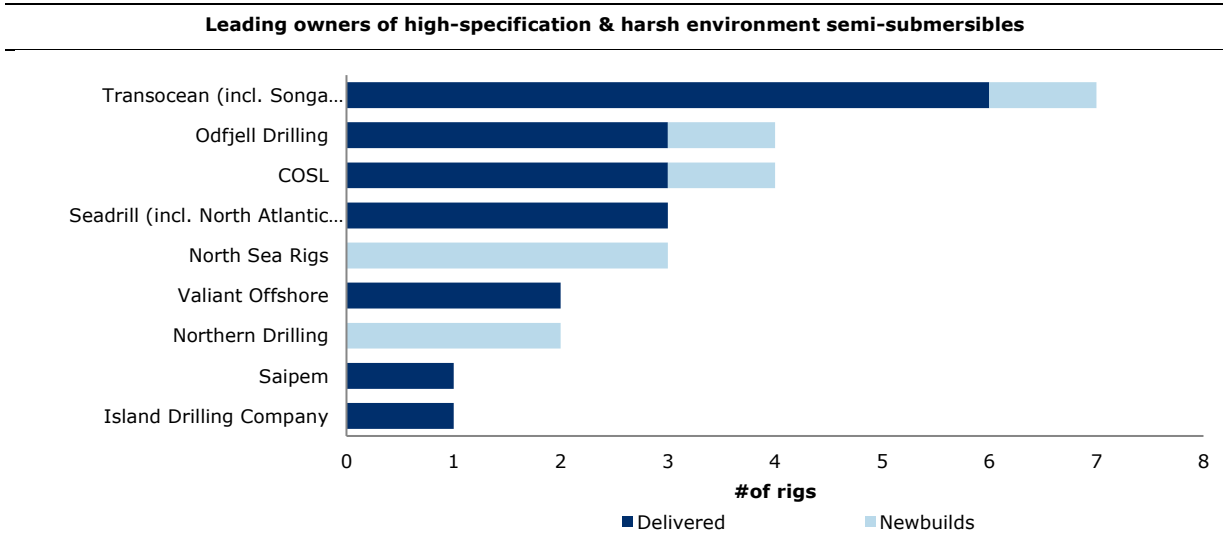
Source: Company information

Rigs designed to operate in harsh environments are built to higher specifications than rigs intended for non-harsh environments. They are usually semi-submersibles due to their superior stability in rough seas. These rigs are also equipped with a larger generator capacity for greater thruster power as well as increased lighting and heat-tracing. The derrick and other deck locations are often winterised (meaning working areas on deck are covered and sheltered) for a safer working environment. Modern harsh environment rigs are designed to operate in all seasons, ice conditions permitting, whereas older harsh environment rigs cannot work during the winter in certain areas. Because of their specialised features and the need to comply with extensive regulatory requirements, harsh environment rigs cost more to build than rigs intended for non-harsh environments. As harsh environment rigs are more expensive to build, they usually command a premium day rate, as illustrated in the table below. However, day rates will fluctuate depending on the demand for harsh environment rigs. As drilling activity in harsh environments is projected to increase while the pool of suitable rigs remains limited, harsh environment rigs are expected to continue to command premium day rates and higher utilisation going forward.



Source: IHS Petrodata RigBase as of 19 February 2018

The harsh-environment segment is relatively consolidated compared to the general contract drilling market. The five largest operators of high-specification and modern harsh-environment semi-submersibles have 80% of the fleet.

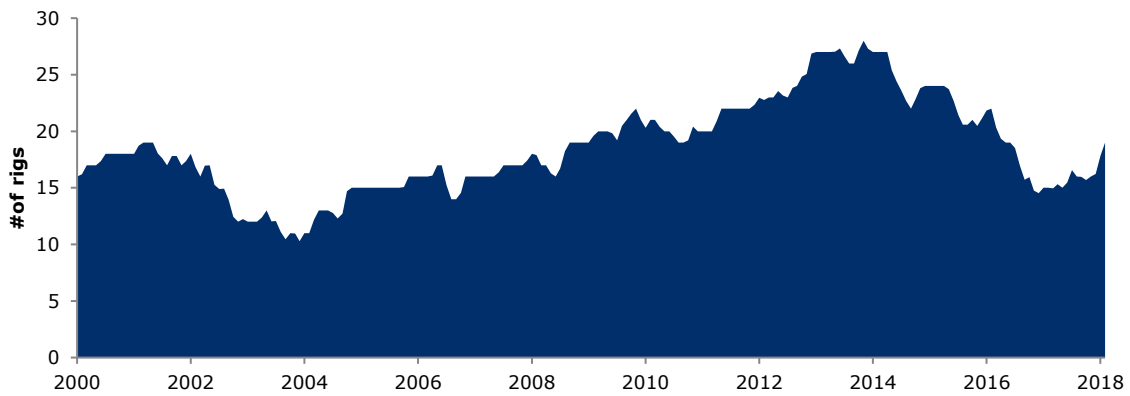


Source: IHS Petrodata RigBase as of 19 February 2018

### 7.3.4 The Norwegian rig market

The Norwegian rig market has some of the highest barriers to entry in the drilling industry, as all rigs operating on the NCS need to meet more stringent regulatory requirements and special technical requirements. These requirements have limited the supply of new rigs in Norway, and few newbuilds delivered in recent years have been built according to Norwegian specifications, relative to the supply of rigs globally. The historical and current fleet of semi-submersibles on the NCS is illustrated below. Due to limited supply of suitable rigs, contract coverage for the modern semi-submersible fleet in Norway is high, giving companies operating in Norway relatively good visibility on rig utilisation.

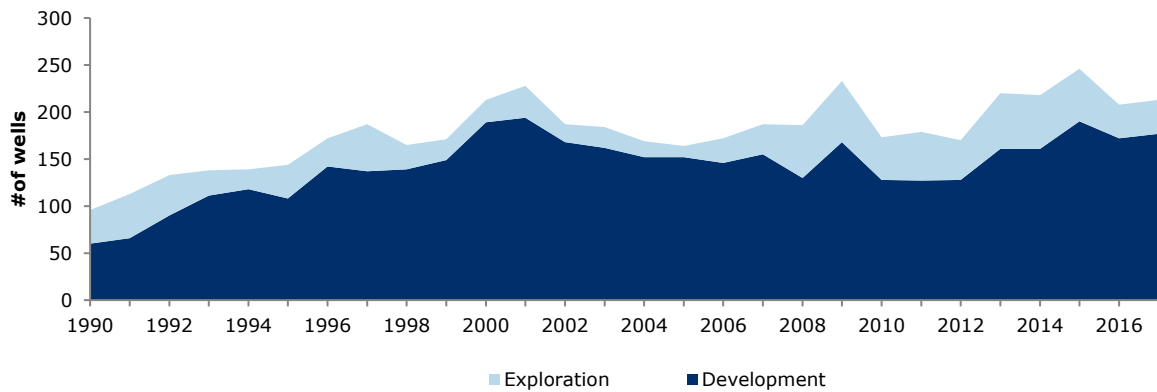
**Fleet of semi-submersibles in Norway**



Source: IHS Petrodata RigBase as of 19 February 2018

From its peak in 2000, Norwegian oil production has declined. To compensate for this declining trend, the number of drilled wells has been sustained at high levels during periods of strong oil prices and lowered slightly during periods of lower oil prices.

**Continued high drilling activity on the NCS**



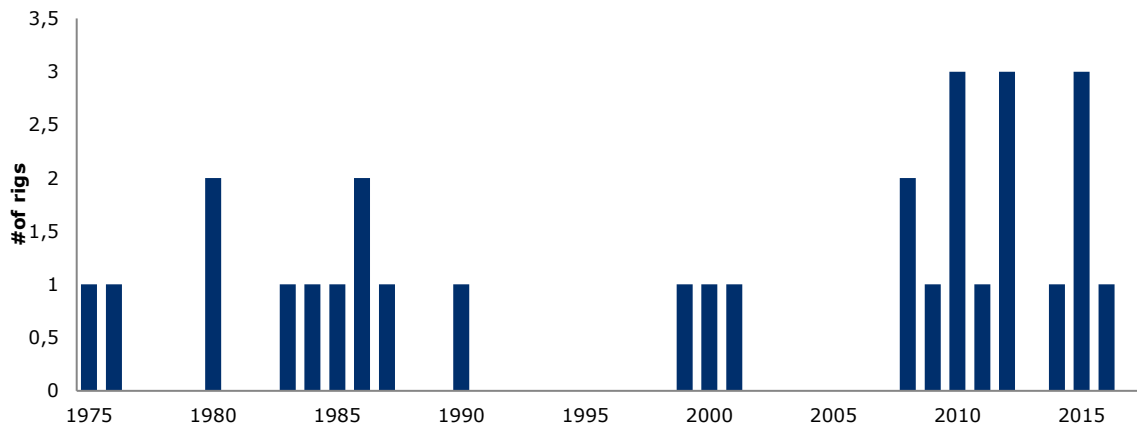
Source: Norwegian Petroleum Directive 19 February 2018

Drilling contracts in Norway generally have shown longer durations and longer lead times compared to other comparable offshore drilling markets. Most of the recent awarded day rates for modern and high-specification semi-submersibles in Norway range from USD 250,000 – USD 289,000, with 10-year average day rate of around USD 430,000, depending on contract type and length.

Operating expense and tax levels, which affect the level of day rates, vary significantly across different markets and the Company believes that the UK is the closest peer market to the Norwegian rig market, although operating expenses generally are significantly lower in the UK due to the Norwegian crew rotation requirements. The rig market in the UK works as an alternative market for rigs operating in Norway. It is less complicated to relocate a rig operating in Norway to the UKCS than it is to relocate a rig from the UKCS to the NCS, due to the high barriers to entry in the NCS.

The fleet has been reduced significantly during the current cyclical downturn following scrapping of several 1970's and 1980's built units, and today roughly 55% of this fleet is built after year 2000. The lifetime of a rig is typically 30 – 35 years, although major upgrades and maintenance projects can significantly extend this.

**Age profile of floaters in Norway**



Source: IHS Petrodata RigBase as of 19 February 2018

**7.3.5 The semi-submersible newbuild market**

As shown in the chart below, no new rigs have been ordered since the oil prices started to drop in 2014. However, due to delayed deliveries, the order book remains at 14 rigs, of which four are high-specification and harsh-environment semi-submersibles (including Deepsea Nordkapp).

**Time of order for semi-submersibles newbuilds**

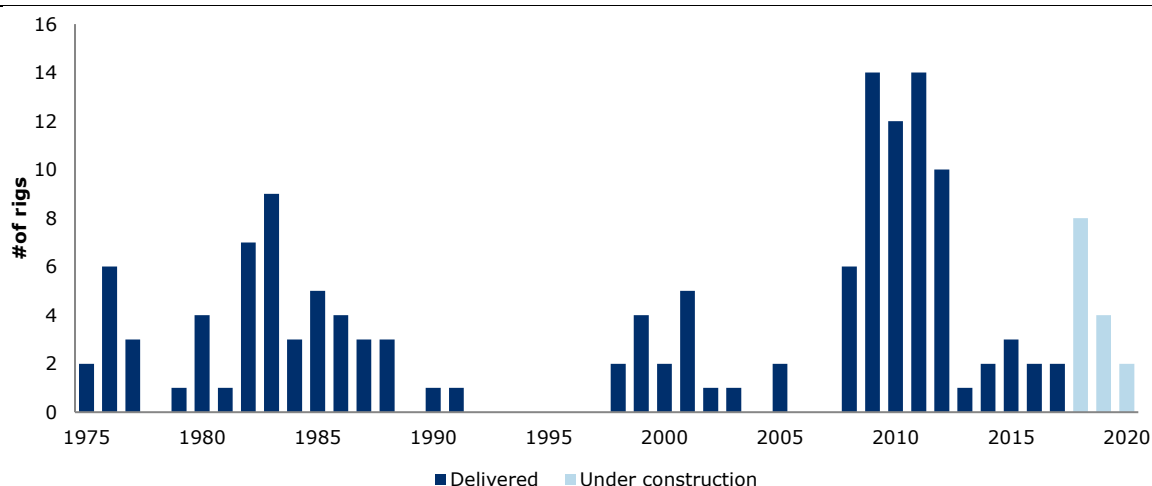


Source: DNB Markets, IHS Petrodata RigBase as of 19 February 2018

Newbuild prices have come down from their peak in mid-2008. The yard cost for a high-specification, and harsh-environment ultra-deepwater semi-submersible can vary considerably depending on the equipment and specification. The latest orders of these units have generally been between USD 650 million and USD 800 million in yard cost. A yard cost of between USD 650 million and USD 800 million historically translated into a total cost of between USD 710 million and USD 850 million, which includes the cost of, inter alia, capitalised interests, spare parts, contingency and construction management. Harsh-environment semi-submersibles are more expensive to build than benign environment semi-submersibles and drillships as they have more complex specifications. In addition to Deepsea Nordkapp, three stranded modern harsh-environment newbuilds have been sold for a price of between USD 415 million and USD 550 million (assuming USD 50 million in additional capex to make the rigs "ready-to-drill") so far this down cycle.

By the end of 2018, the average age of the global semi-submersible fleet is estimated to be approximately 20 years. As illustrated by the chart below, approximately 46% of the fleet on water by year end 2017 was built before 2000.

### Age profile of semi-submersible floater fleet



Source: DNB Markets, IHS Petrodata RigBase as of 19 February 2018

#### 7.3.6 The floater market activity level

Overall, the current cyclical downturn in the offshore drilling market has adversely affected floater rig utilisation and day rates. According to Rystad Energy, with conventional discovered resources reaching an all-time low in 2017, below 7 billion boe, the current drilling activity level is insufficient to replace consumption of oil going forward. However, while oil prices are gaining ground, many E&P companies continue to take a conservative approach as to where to spend their dollars and the main focus continues to be offshore, and not deepwater drilling. Although a wider floater market recovery remains lumpy, certain regions, including harsh-environment are already experiencing increased demand, and subsequently higher day rates and utilisation.

The positive outlook for harsh-environment midwater semi-submersible drilling rigs is supported by recent transactions involving Asian fabrication yards selling stranded newbuilds. The Company's acquisition of the construction and purchase contract for Deepsea Nordkapp is the fourth resale over the past 11 months involving harsh-environment midwater semi-submersibles. In December 2017, the West Rigel was sold by Jurong Shipyard for USD 500 million to an investment firm, while the Bollsta Dolphin was sold by Hyundai Heavy Industries to Northern Drilling for USD 400 million. Back in March 2017, Hyundai sold the West Mira to Seatankers for USD 360 million. The Company assumes all three rigs sold to other parties require up to USD 50 million in additional capex to make the rigs "ready-to-drill", implying a price range of USD 415 million to USD 550 million. These transactions lend support to the view that prices for harsh midwater rigs are strengthening and that these units currently represent the most attractive segment in the floater market. Some investors and industry players interpret these transactions as evidence of a positive outlook ahead for the segment, as a relatively high day rate is needed to justify the sales prices seen of late.

Another trend that has been highlighted is that Norway has emerged as the world's strongest market for floating rigs, with rising demand and comparatively high day rates. Oil companies in Norway have taken final investment decisions on many new projects in recent months, and more are expected to follow. Given these factors, it is considered likely that demand, and subsequently day rates and utilisation for modern rigs, is likely to increase.

#### 7.4 Well services

Odfjell Drilling's Well Services segment provides a wide range of services to the drilling industry, including tubular and casing running services, drill tool rental, fishing services and well bore cleaning. The clients and consumers for these service areas are oil and gas companies involved in drilling operations, both onshore and offshore.

Tubular and casing running services involve the handling and installation of multiple joints of pipe to establish a closed and controllable perimeter for the well (the casing) and the installation of a smaller pipe inside the wellbore to transport oil and gas from the reservoir to the surface (the production string). The casing of a wellbore isolates the wellbore from the surrounding geologic formations and water table, provides structural integrity and pressure resistance, and allows well operators to target specific zones for production. Efficient tubular services are vital to the



management of the overall cost of a well, and are therefore an important part of the process of producing oil and gas. The well services industry is subject to the same market drivers that affect the offshore oil and gas services industry generally, see Section 7.2 "General industry drivers" above.

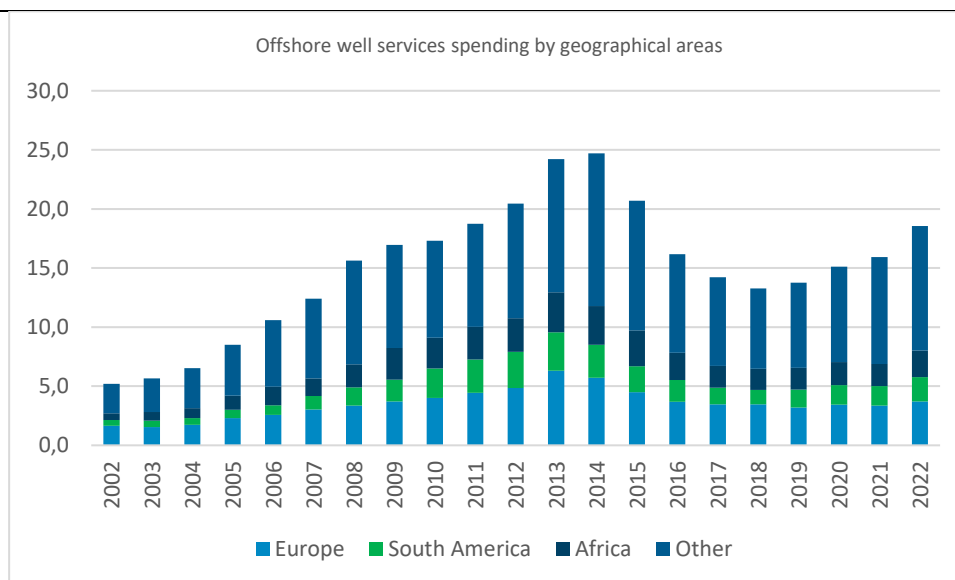
Well service providers also supply services to onshore drilling operations, thus they have access to a considerably larger market than just the offshore drilling sector. An increased emphasis on improving safety standards and reducing the risk of pollution has increased oil and gas companies' focus on well integrity, particularly in offshore environments. Given the central role casing and tubular running services play in ensuring the structural integrity, reliability and safety of a well, the quality and reputation of companies that provide these services are becoming increasingly important to winning contracts.

As of 16 February 2018, Rystad estimates that USD 13.3 billion will be spent on offshore well service activities in 2018, representing approximately 4% of total offshore E&P spending (USD 324 billion) in 2018.

As wells become more complex and are drilled to greater depths, tubular services must provide solutions to increasingly challenging technical problems. Onshore wells are being constructed with longer horizontal laterals and deviated well bores, while offshore drilling is being carried out in deeper waters and to greater well depths. This requires longer and heavier strings, as well as tubular handling equipment capable of accommodating a more elaborate spectrum of equipment and hydraulic control lines deployed inside the well. These complicated drilling methods require new and more complex tubular services which are causing suppliers to develop new techniques and specialised tools to satisfy client demand.

The costs of deepwater drilling have increased with their complexity. Although several recent fixtures of ultra-deepwater semi-submersible rigs have been reported just below or above USD 300,000 per day, the total cost per day of drilling offshore is significantly higher when including cost for well services, supply vessels, wirelines, well logging services and other costs. Consequently, it is important for oil and gas companies to have efficient tubular services in order to minimise cost and maximise productivity. Oil companies generally spend more money on tubular services for more complex offshore wells compared to onshore.

**Offshore well services spending by geographical areas**



Source: Rystad Energy, Ucube as of 16 February 2018

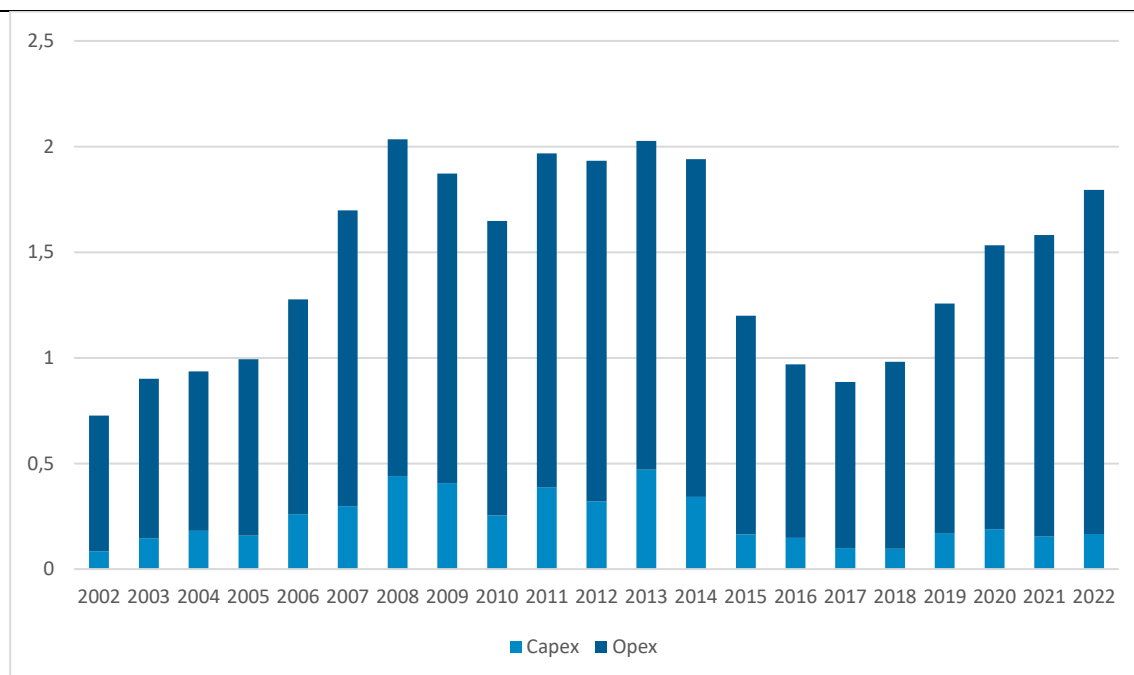
The casing and tubular running services sector is composed of a few large international service companies as well as smaller, local companies that operate in a limited geographic area.

## 7.5 The drilling and technology market

Odfjell Drilling engages in operations of offshore drilling platforms and the provision of engineering and support services through its Drilling & Technology business segment. The industry drivers described in Section 7.2 "General industry drivers" above is also applicable to the Drilling and Technology market.

On the NCS, Equinor is the leading operator: the rigs and fixed installations it operates account for the majority of all oil and gas production on the NCS. Demand for drilling and technology services on the NCS is thus largely dependent on Equinor's E&P spending. Aker BP and other players like Lundin and Wintershall have however also during the last years made an increasing impact on the NCS activity level.

Offshore E&P spending on maintenance on the NCS by Equinor



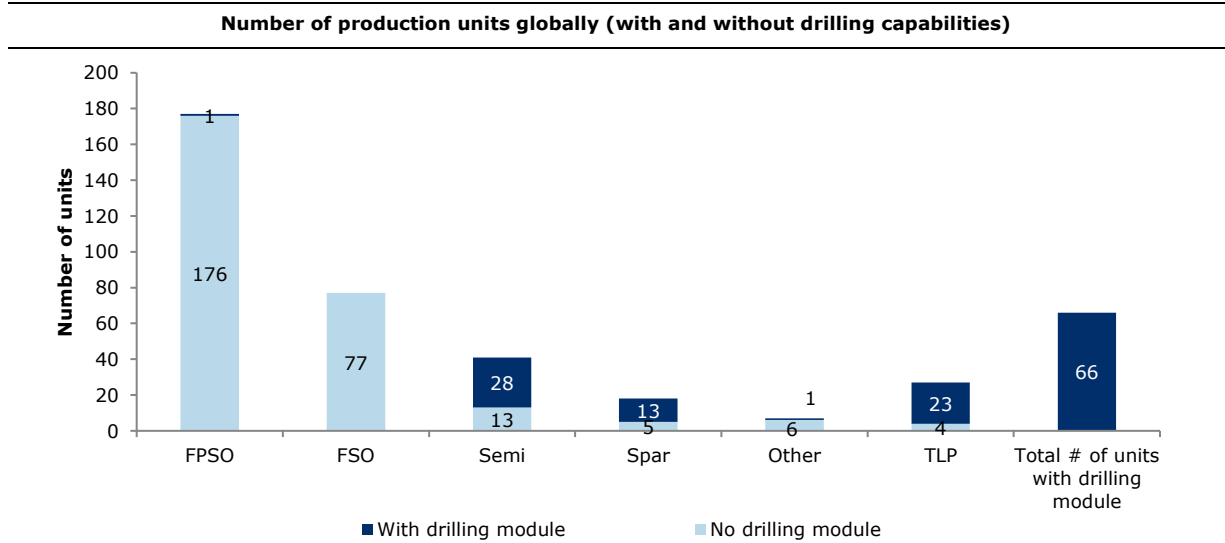
Source: Rystad Energy, Dcube as of 24 April 2018

### 7.5.1 The platform drilling market

Onshore drilling on a producing field is carried out from fixed platforms, whereas offshore drilling on a producing field may be carried out through the use of either mobile offshore drilling units or fixed or floating platforms with built-in drilling equipment. Such equipment also enables the production facility to conduct maintenance on existing wells without the use of mobile offshore drilling units. Platform drilling services relate to the provision of a specialised crew to operate the drilling equipment on board fixed or floating platforms. This crew is also responsible for the maintenance of all equipment relating to drilling operations.

The job of the platform drilling crew is very similar to the work performed by the drilling crew on mobile offshore drilling units, with some differences depending on whether the wellhead is dry or submerged, and on the drilling equipment, which may be automatic or manual. On facilities with dry wellheads, the blowout preventer ("**BOP**") is located on deck, whereas on facilities with wellheads located on the seabed, the BOP is placed on the wellhead and is often referred to as a subsea BOP. The drilling equipment associated with subsea BOPs is very similar to the equipment used on floating drilling rigs, while the equipment for surface located BOPs is similar to the equipment used on jack-ups and onshore drilling rigs. Most of the production facilities that Odfjell Drilling services are fixed platforms that stand on the seabed and have surface BOPs. There are a variety of offshore production platforms that have been built with their own drilling equipment. These include Spars, Tension Leg Platforms (TLPs), semi-submersibles and Floating Production Storage and Offloading units (FPSOs). Whether a production facility is built with its own drilling equipment depends on a variety of factors. Water depth is an important factor: it is more common to install drilling equipment on a fixed production plant for fields located in shallow waters like the NCS rather than on a floating deepwater installation. The size of the field and the expected number of wells to be drilled is another factor determining whether drilling equipment is installed onboard or not. The characteristics of the reservoir and the accessibility of hydrocarbons from the production plant are also important parameters. The graph below shows how

many of the common types of floating deepwater production platforms operating worldwide are built with its own drilling equipment.

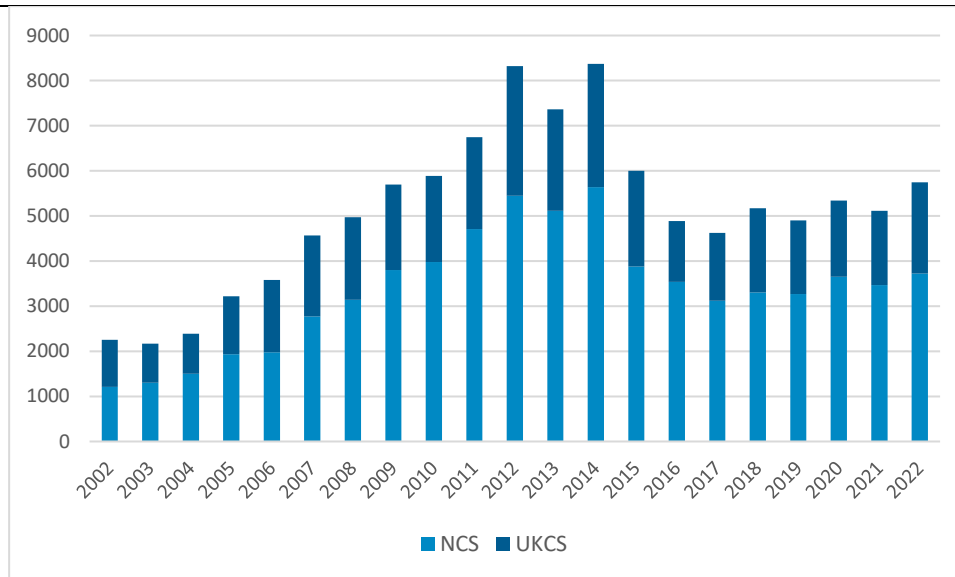


Source: IHS FPSBase as of 28 February 2018

The demand for platform drilling services is directly linked to the number of active platform drilling contracts in the market. A stable, high oil price that will support the aim of oil and gas companies to maintain production on their existing fields and new technology that increases overall recovery rates are also important drivers for the platform drilling services industry. A low oil price will have the opposite effect on production and investment in new fields, which again will have a negative impact on the drilling services industry. The number of new production platforms built with their own drilling equipment also affects the level of activity in the market.

The market for platform drilling contracts on the UKCS and NCS has historically been relatively stable and predictable, however, this market has also been impacted by the downturn in the oil and gas sector in recent years, as illustrated in the chart below.

### Platform drilling contracts on the NCS and UKCS



Source: Rystad Energy, Ucube as of 16 February 2018

Further growth in activity is expected as there is a pipeline of new contracts coming on stream for drilling in locations such as the Johan Sverdrup, Mariner, Bressay and Clair Ridge. The platform drilling services market on the NCS and UKCS is dominated by KCA Deutag, Archer and Odfjell Drilling.

Outside the North Sea, the industry is serviced by several smaller companies, often with local focus. KCA Deutag is the world's largest platform drilling company and has operations all over the world.

#### 7.5.2 The engineering market

There is demand for engineering services at all stages of offshore drilling units' life cycle. Engineering services are requested for the design of newbuilds as well as for the modification and maintenance of existing offshore drilling units, both fixed and floating. Engineering expertise may also be needed when units are to be decommissioned. Demand for engineering services is thus affected by several factors, but foremost the level of activity in the offshore oil and gas industry. For Odfjell Drilling, the activity in the North Sea is of particular importance as this is a core market for the Company. The need for modifications to existing rigs and platforms is dependent on the age of the respective rig or platform, changing reservoir characteristics for the relevant fields and general maintenance requirements. As a large number of oil and gas drilling units approach the end of their designated life expectancy, life enhancement programmes or decommissioning projects are other sources of demand for engineering services.

Engineering services within the offshore oil and gas industry are either provided for a specific project or to a particular client over a period of time. Projects provided over a period of time typically relate to maintenance, to ensure offshore drilling equipment is in the condition stipulated by relevant regulations, or such projects may be provided under frame agreements where the engineering company is tasked with the assessment and upgrading of platforms. Project specific engineering services typically have a more defined scope, and may relate to a specific modification on a rig, a newbuild project or preparations for a yard stay.

The offshore engineering market is predominantly serviced by specialised engineering companies and yards specialising in the maintenance, modification and upgrade of offshore drilling and production units.

## 8 BUSINESS OF THE GROUP

### 8.1 Business overview

Odfjell Drilling is a drilling, engineering and well services provider with more than 40 years of experience focusing on the offshore harsh environment and deepwater markets. As of 31 March 2018, the Group had about 2,300 employees operating in approximately 20 countries worldwide. Odfjell Drilling operates through three segments: Mobile Offshore Drilling Units (MODU), Well Services and Drilling & Technology. Odfjell Drilling's clients are primarily major oil and gas companies. Below is an overview of the segments of Odfjell Drilling:



The following table sets forth each segment's revenues, EBITDA, plant, property and equipment (PP&E) and number of employees for the year ended 31 December 2017.

	<b>Year ended 31 December 2017</b>		
	<b>MODU</b>	<b>Well Services</b>	<b>Drilling &amp; Technology</b>
Revenues (USD millions) .....	481.0	96.9	105.4
EBITDA (USD millions) .....	243.7	31.6	15.0
PP&E (USD millions).....	1,699.0	82.4	0
Employees (as of 31 December 2017).....	878 <sup>1</sup>	451 <sup>1</sup>	681 <sup>1</sup>

<sup>1</sup> In addition there were 200 employees in various overhead positions (corporate and other). The total number of employees as at 31 December 2017 was 2211.

#### 8.1.1 Mobile Offshore Drilling Units (MODU)

In the MODU segment, the Group operates drilling units owned by the Group and by third parties. The Group owns the following four harsh environment semi-submersible drilling rigs:

- Deepsea Atlantic;
- Deepsea Stavanger;
- Deepsea Bergen; and
- Deepsea Aberdeen.

Deepsea Atlantic, Deepsea Stavanger and Deepsea Aberdeen were delivered in 2009, 2010 and 2014, respectively, and are sixth-generation ultra-deepwater and harsh environment semi-submersible drilling rigs. Deepsea Bergen is a third-generation semi-submersible drilling rig built in 1983 and has been continually upgraded to meet the changes in regulatory requirements and client demand.

In addition to the rigs listed above, the Group has entered into a construction and purchase agreement with Samsung Heavy Industries (SHI) in South-Korea for Deepsea Nordkapp. Deepsea Nordkapp is a sixth-generation harsh environment semi-submersible rig expected to be delivered from the shipyard in Q1 2019. The rig has a tall derrick with large pipe storage capacity, offline drillstring and casing preparation. The dual<sup>14</sup> active compensating drawworks provide redundant compensating up to more than four meters rig heave when locked to "bottom", and faster tripping/casing running. The rig is winterised, DP3, and has marine capabilities among the best rigs.

<sup>14</sup> Only used on the new Odfjell rigs, deadline anchor replaced by a second NOV SSGD drawwork.

The Group charters its drillings rigs through a mixture of medium- and long-term contracts with major oil and gas companies, which include Equinor, BP, Aker BP, OMV and Total.

Deepsea Stavanger started operations for Wintershall at the Maria field on 20 March 2017 and finalised the well based contract on 22 February 2018. On the same date the unit commenced its contract with Aker BP and will be in operation until the mobilisation, at the beginning of Q4 2018, to South Africa for the drilling contract with Total. As earlier announced, Odfjell Drilling has also entered into a 5+5 years alliance with Aker BP with the intent to drill wells suitable for semi-submersibles. The first call-off under the alliance was received in December 2017 covering 12 months for Deepsea Stavanger after its return from South Africa, estimated to be mid-2019. Deepsea Atlantic received a new drilling contract from Equinor taking operations into mid-2020. Deepsea Atlantic's next contract will commence early Q1 2019 after completion of the 5 year SPS scheduled for December 2018. Until then Deepsea Atlantic will continue working for Equinor on the Johan Sverdrup contract. Deepsea Aberdeen is contracted to BP West of Shetland until April 2022. Deepsea Bergen finished its one well contract with OMV on 17 April 2018 and immediately started operations for Equinor on a well based contract. The unit has firm work until late 2018 on the NCS and additional options potentially keep the rig in operations into the second half of 2019. Finally, the newbuild Deepsea Nordkapp is scheduled for delivery in Q1 2019 and will thereafter mobilise for operations for Aker BP on the NCS. Commencement of operations is expected around mid-2019.

Furthermore, the Group owns 100% of the shares in Odfjell Drilling Brasil BV. Odfjell Drilling Brasil BV holds 20% of the shares (the remainder of the shares are owned by the Sete Brasil group) in three Dutch special purpose companies, respectively, each of which has entered into an engineering, procurement and construction contract for the construction of a drillship. The three drillships are named NS Guarapari, NS Siri and NS Itaoca. The future of the newbuild program is uncertain. Odfjell Drilling Brasil BV has suspended further equity contributions into the projects until the future of the program has been determined and the value of the investment was written down to zero in 2015.

The MODU segment also offers management services to other owners of semi-submersibles, drillships and jack-ups, mainly operational management, management of regulatory requirements, marketing, contract negotiations and client relations, preparations for operation and mobilisation. Odfjell Drilling is currently responsible for the management of the mobile offshore drilling units Deepsea Metro I and Island Innovator, which are owned by third parties. Odfjell Drilling only offers management services to rigs owned by third parties to the extent such rigs will not directly compete with rigs owned by Odfjell Drilling.

#### 8.1.2 *Well Services*

The Well Services segment provides casing and tubular running services (both automated and conventional) as well as drilling tool and tubular rental services, both for exploration wells and for production purposes. The Group provides services in approximately 20 countries, from 11 bases in Europe, Asia and the Middle East, with particular focus on the offshore markets in the North Sea and the Middle East. In total, the Group provides well services to more than 50 drilling rigs. Odfjell Drilling has approximately 35 years of experience in the global well services market, and the Company is of the opinion that it is one of the leaders in remote operated handling equipment for casing and tubular running services. In the drilling tool rental business, the Group benefits from a well-developed supplier base, and offers a large inventory of modern and high quality drilling tools and equipment, which have been manufactured and certified in accordance with applicable industry standards. It aims to be a single supply source for drillers and operators and also has the capability to design custom-made equipment. The Well Services segment currently serves approximately 70 clients, of which 15 constitute material volumes.

#### 8.1.3 *Drilling & Technology*

The Drilling & Technology segment is divided into two business areas: Platform Drilling and Technology. The main service offering of the Platform Drilling business area is production drilling and well completion on client's rigs. Other types of services offered are slot recovery, plug and abandonment, work-overs and maintenance activities. In this business area, the Group offers platform drilling services on both fixed production platforms and on floating production platforms with subsea blowout preventers (BOPs). The Group has approximately 40 years of experience in platform drilling operations and the Group is of the opinion that it is one of the leading platform drilling service providers in the North Sea, focusing on the high-end of the market for platform drilling services. Within the Platform Drilling business area, the Group's clients are Equinor, BP, TAQA, EnQuest and Wintershall.

The Technology business area offers engineering services ranging from design and engineering to building supervision, project management and operational support for newbuild projects, SPS certifications and yard stays. The Technology business area performs smaller or medium sized stand-alone projects, including engineering, procurement, construction and installation projects. The services are provided internally and to external clients that represent a diverse group, consisting mainly of owners of mobile offshore drilling units and oil and gas companies.

The Technology business area has a successful track record of MODU newbuild projects and yard stays spanning approximately 40 years. It also occupies a strong position in the North Sea market. The Technology business has inter alia delivered engineering services to Odfjell Drilling's own units (Deepsea Atlantic (2006 – 2009), Deepsea Stavanger (2007 – 2010), Deepsea Metro I (2008 – 2011), Deepsea Metro II (2008 – 2011) and Deepsea Aberdeen (2012 – 2014)). With respect to yard stays, the Technology business area provides services to drilling contractors and to both internal and external clients (e.g. the Group's own drilling units and external clients' rigs such as Songa Trym (2011 – 2012), Songa Delta (2011 – 2012) and Island Innovator (2012 – 2013)). Due to the market downturn over the last 2-3 years, the Technology business area has been rightsized to meet the decreased demand. As of 31 March 2018, the Technology business area consists of 50 employees and 30 contractors in total based on delivery obligations.

## **8.2 Competitive strengths**

### *8.2.1 An experienced and safe drilling service provider*

The Group is a drilling services provider, building on experience and expertise developed during more than 40 years of delivering a portfolio of complementary drilling and engineering services to clients.

The Group has extensive experience in harsh environment drilling. In particular, the Company has a strong footprint on the NCS, which is one of the most demanding offshore markets with high barriers to entry due to stringent regulatory and technical requirements. The Group has a long-standing and strong relationship with Equinor, the major oil and gas company on the NCS, dating back to 1979. Odfjell Drilling's strong operational track record is further evidenced by the Group's ability to maintain relationships with other major oil and gas clients such as BP, Total, Aker BP and others through long-term contracts. For example, following the agreement for the first rig contract entered into with BP in 1977 regarding the rig Deepsea Saga, the Group has secured several contracts with BP.

Operationally, the Group not only has an advanced harsh environment drilling fleet, the Group's Well Services and Drilling & Technology segments are also focused on harsh environment areas, thereby allowing the Group to support its clients in challenging operations through complementary services. The Company believes that its operational experience, capabilities and expertise in harsh environments provide a competitive advantage as the drilling industry moves towards regions with harsher environments, deeper waters and more complex wells.

The Group works systematically to improve health, safety and environment ("**HSE**") and to maintain a high HSE standard within all its activities. The Group has an overall zero fault philosophy related to incidents and failures, which also includes prevention of pollution of the environment. The Group has managed to maintain a high level of safety within all its activities and works continually to maintain the highest safety standards and to protect the health of its employees and others involved in its operations. The lost time incident frequency (H1), total recordable incident frequency rate (H2) ("**TRIF**") and dropped object parameters have remained on a steady low frequency over time and new continuous improvement measures are initiated through safety step-up initiatives in all business areas. Safety is a cornerstone in Odfjell Drilling and safety consciousness is one of its core values. Leadership, good risk understanding and continuous focus on safety is essential. The Group considers a safe operation to also be an efficient one, and considers it to be important and necessary to work with safety as an integrated part of its operations.

### *8.2.2 Modern and advanced fleet of harsh environment drilling units*

Odfjell Drilling operates a modern and advanced harsh environment drilling fleet. The semi-submersible drilling rigs Deepsea Atlantic, Deepsea Stavanger and Deepsea Aberdeen are capable of operating in ultra-deepwater and harsh environments. The midwater semi-submersible drilling rig Deepsea Bergen is capable of operating in harsh environments. The Group's newbuild under construction, Deepsea Nordkapp, is a deepwater semi-submersible unit capable of operating in harsh environments.

### 8.2.3 *Strong well services and engineering competence with demonstrated project execution capabilities*

The Group is of the opinion that it is one of the leading providers in the market for tubular running services. The Group's Well Services segment has a technologically advanced product and service portfolio, which includes automated tubular running services, remote operated handling equipment and a rental business with a large inventory of down-hole tools. In addition the Company has developed patents for well intervention operations. The Company believes that its Rental Equipment is among the most modern in the industry and has been manufactured to high industry standards. The Well Services segment also has a proven track record of establishing and developing new services and business from in-house technological developments, joint developments with external parties and from being an early adopter of new commercially available technology. For example, the new generation, fully mechanical, Casing Running Tool ("**CRTi**") has had a positive impact on the Group's casing operations by reducing the number of required personnel, saving rig time and improving safety by eliminating the need for personnel presence in high-risk working areas on the drill floor. The CRTi is also expected to increase the success rate of setting casing through problem zones. The technological achievements of the Technology business area have led to improved quality and safety results in its operations, and have reduced the impact of its operations on the environment.

The Well Services segment is still facing fierce competition for its services globally, which has resulted in reduced revenues, especially in 2016 and 2017. However, the Well Services segment has maintained acceptable margins (EBITDA-margins in 2016 and 2017 of 39.2% and 32.6%, respectively) due to cost efficient programs. The segment has furthermore maintained its low capital expenditures to enhance utilisation of the existing equipment base. The Group currently observes an increased tender activity in the European and Middle East markets, however the over-supply of equipment will, in the short to medium term, continue to keep pressure on prices. The Well Services segment has expanded gradually to markets such as Kuwait in the Middle East, and expects to find further growth opportunities by following clients from other segments to new regions.

Odfjell Drilling employs more than 100 skilled engineers. The engineers support all three segments; their services include newbuilding supervision, project management, surveys and upgrading in the MODU segment, detail engineering related to Rental Equipment and remote operated casing services in the Well Services segment and upgrading or maintenance of drilling equipment and general modifications in the Drilling & Technology segment. Since 1973, the Group has been successfully involved in 31 newbuilding projects, more than 70 commissioning, upgrade and renewal projects on fixed and floating drilling units, and has implemented innovative design and technology with core expertise within harsh environment and deepwater drilling operations. For example, the Group has introduced innovative technologies such as integrated onshore support centres with real-time transfer of operational and technical data between the offshore drilling units and the onshore support centres, which facilitate the movement of personnel from offshore to onshore, resulting in more accurate and efficient support to the offshore operations and projects. These capabilities are important for running cost-efficient operations on the platforms in the Drilling & Technology segment and for the MODU segment where the engineering capabilities of the Group allow the Group to take delivery of drilling units and operate them in an efficient manner.

Since the award of the first platform drilling contract with Mobil Exploration for Statfjord B in 1978, the Group has been a major provider of fixed platform drilling services for rigs located on the NCS and UKCS. Currently, the Group has a large number of contracts in its Drilling & Technology segment. In 2015 Equinor awarded the platform drilling service contract for Johan Sverdrup to Odfjell Drilling. The contract includes assistance during the engineering, construction and commissioning phase of the field development project. In 2016, the Group was awarded a platform drilling contract with Wintershall for the Brage field installation. In 2017, Odfjell Drilling (UK) Ltd. was awarded a platform drilling contract with TAQA Bratani for five installations on the UKCS and later the same year it was awarded a platform drilling contract with EnQuest for the Magnus field on the UKCS. Entering 2018, the Group had drilling and maintenance contracts for 15 fixed installations in the North Sea. Despite a declining offshore market over the last years, the Drilling & Technology segment is expected to experience a sustained and high level of activity in the coming years.

In the past, the Group has been able to add and sell other services under its contracts and thereby achieve greater economies of scale through more efficient usage of overhead and support functions. The Company intends to build on these experiences to achieve greater cost-efficiencies in the future. The Group's multiple contact points with its clients across its three segments provide cross selling opportunities. For example, Odfjell Drilling has been awarded several contracts with BP across its three segments throughout their long-standing relationship:

- Rig contract for Deepsea Saga awarded in 1977 (MODU);



- Platform drilling contract on the Gyda platform awarded in 1989 (Drilling & Technology);
- Rig contract for Deepsea Duchess awarded in 1992 (MODU);
- Well intervention contract on the Gyda and Ula platform awarded in 2002 (Well Services);
- Rig contract for Deepsea Bergen awarded in 2003 (MODU);
- Well intervention contract on several UKCS fields awarded in 2003 (Well Services);
- Platform drilling contract for five installations in the UKCS sector awarded in 2009 (Drilling & Technology);
- Rig contract for Deepsea Stavanger awarded in 2011 (MODU);
- Rig contract for Deepsea Aberdeen awarded in 2012 (MODU);
- Site assistance, commissioning and platform drilling on newbuild Clair Ridge for BP with drilling start in 2018 (Drilling & Technology);
- Rig contract with Aker BP for Deepsea Stavanger for approximately 9 months awarded in 2018 (MODU);
- Five year Drilling and Wells Alliance contract with Aker BP and Halliburton in 2018 (MODU); and
- Rig Contract with Aker BP for Deepsea Stavanger for 12 months from Q2/2019 awarded in 2018 (MODU).

The same strategy has been followed with other key clients such as Shell, Equinor and BG Group who are the Group's clients across several segments.

#### 8.2.4 *Favourable market dynamics with key Odfjell Drilling strengths matching underlying growth drivers*

The global nature of the Group's organisation benefits it by affording the Group: (i) the ability to serve clients in several geographic locations; (ii) multiple revenue sources; (iii) increased flexibility in asset deployment; (iv) the ability to expand segment operations through existing relationships in other locations; and (v) the ability to use its experience in the challenging North Sea basin which is relevant as key growth areas globally are expected to be in challenging regions. Further, Odfjell Drilling is well-placed to respond to certain key trends in the offshore drilling industry:

- Oil and gas companies are seeking to drill deeper wells in deeper water and in harsher environments – Odfjell Drilling has an advanced fleet of ultra-deepwater and harsh environment drilling units;
- Drilling operations are increasing in complexity, and are taking place in more challenging reservoirs – Odfjell Drilling has multiple drilling competencies and strong engineering capabilities;
- Oil and gas companies are demanding more efficient operations to reduce total well costs – The Company is of the opinion that Odfjell Drilling's mobile offshore units are the most efficient drilling units available in the market;<sup>15</sup>
- There is increasing focus on technology, innovation and the integration of services – Odfjell Drilling has a reputation for quick implementation of new technologies; and
- Strong focus on QHSE and an increasingly demanding regulatory climate – Odfjell Drilling has a strong QHSE track record, evidenced by its strategic partnerships with BP and Equinor for improved, safer and more efficient drilling operations.

<sup>15</sup> Sources: <https://petro.no/wintershall-fremskynder-oppstarten-pa-maria/47732> and <https://petro.no/deepsea-atlantic-borer-sa-kjapt-far-ekstrajobb/46650>.

### 8.2.5 *Solid financial profile with diversified and predictable cash flow*

Odfjell Drilling has a mix of long- and medium-term contracts within the MODU segment and the Platform Drilling business area with an order backlog as of 31 March 2018 of USD 2.7 billion including priced option periods, and USD 1.7 billion excluding priced option periods. Backlog is not calculated for the Group's Well Services segment, the Technology business area or the rig management contracts in the MODU segment. This backlog provides the Group with cash flow visibility. The Group's mix of long- and medium-term contracts also provides upside potential if the Group is able to obtain new contracts upon expiration of old contracts and the drilling market remains strong. For further information about the condition of the markets in which the Group operates, please see Section 7.3 "The mobile offshore drilling market". In addition, the Group's presence in the engineering, well services and third-party rig management services sectors helps provide multiple sources of income from segments, thereby providing more stable cash flow and lower volatility compared to the MODU segment.

### 8.2.6 *Highly experienced organisation with reputable and experienced management team*

The Group's senior management team has extensive experience in the oil and gas industry, and particularly in oilfield services, drilling and engineering, both at the corporate and divisional level. In addition, the Group has developed significant human capital throughout the organisation based on its long history and strong ability to attract and retain competent personnel as a result of its reputation as an attractive employer. Through the Group's employee development programmes, a strong QHSE culture has been established, which the Company believes is a strong competitive advantage. The Company believes that the management team's experience, technical expertise and strong client relationships, together with its continued investments in the Group's employees, enhance its ability to deliver superior service to clients and operate effectively on a global basis.

## 8.3 **Overall strategy**

The Group has developed an overall business strategy that includes the following elements:

### 8.3.1 *Continue to focus on the harsh environment market*

Although the global drilling and oil service market is still at a low level, some regions seem to recover at a higher pace than others. In harsh environments, a substantial number of mature units have been permanently withdrawn from the market over the last couple of years. In addition, newbuilds have proven to be significantly more efficient than mature units. Based on the preference of new and more efficient units combined with high reactivation cost, the Group believes that scrapping of older midwater and harsh environment drilling units will continue over the next years. In combination with a more healthy market environment, this will bring the harsh environment market back to balance and subsequently improved day rates. The Group's strategic goal is to be the preferred partner for drilling operations, engineering projects and well services in the harsh environment market where the Group has a competitive advantage. In support of this strategy, the Group's MODU segment will take delivery of a new harsh environment deepwater semi-submersible drilling rig expected to be delivered in Q1 2019 and follow the market for medium to long term contract opportunities which may lead to further growth prospects. In addition, the Group will continue to increase technical expertise and capabilities operating in this region in the Drilling & Technology and Well Services segments.

### 8.3.2 *Increase cost efficiencies without compromising on health and safety standards*

The Group is pursuing ways to increase cost efficiencies and it intends to continue to do so without compromising its QHSE standards. The Group has introduced several initiatives to save costs including pursuing greater operational integration by moving offshore positions onshore and selected onshore positions to lower cost countries. For example, the Group had as of 31 March 2018 approximately 50 employees in the Philippines providing engineering and support functions. As a cost efficient drilling services provider, the Group will continue to look for synergies by standardising procedures, technology, systems and controls. The Company also expects to benefit from economies of scale due to the relative uniformity of the fleet in combination with business expansion in geographical areas where the Group is already present.

### 8.3.3 *Prudent expansion*

Historically, Odfjell Drilling has expanded its business in a prudent and strategic manner and the Company expects to continue pursuing growth that is sustainable and within acceptable risk parameters. The Company is aiming for organic expansion within all three of its segments, but intends to enter new markets by pursuing a prudent growth strategy which may be achieved through joint ventures with local partners in order to reduce risk and also to leverage local partners' expertise operating in the market. The Company intends to grow its MODU fleet by ordering additional

rigs to the extent that it is able to secure acceptable advance contracts or is following advanced leads or discussions with strong, credit-worthy clients and the Company has appropriate balance sheet capacity to accommodate such projects. The Company does not intend to order additional MODU rigs on a speculative basis.

*8.3.4 Achieve a balanced portfolio that includes a diversity of clients, a mix of medium- and long-term contracts, and growth across all of its segments*

All of the Group's drilling units are contracted to major oil and gas companies such as Equinor, BP, Total and Aker BP. Across the Group's Drilling & Technology and Well Services segments, the core client base includes Equinor, BP, Wintershall, Shell, Schlumberger and Halliburton. The Company intends to focus on building strong long-term relationships with a diverse range of oil and gas and service companies.

In addition to having a diverse and strong client base, the Company intends to maintain a balanced mix of medium- and long-term contractual periods in order to secure more predictable earnings as well as the capacity to react to and benefit from market improvements.

As the three segments provide the Group with different strengths and exposure to market risks, the Company intends to grow its three segments proportionally going forward. While the Group's MODU segment requires a high initial capital investment and exposes the Group to greater price volatility when contracts are renegotiated, the Drilling & Technology and Well Services segments are less capital intensive and provide the Group with a steadier source of income with relatively lower market risks.

## **8.4 History**

8 February 2018 marked the 45-year anniversary since the Company's predecessor was founded. Odfjell Drilling can, however, trace its roots back to 1914, when the shipping company Odfjell A/S was first established, developing into an industry leader in the chemical tankers shipping industry. Towards the end of the 1960s, the Odfjell family decided to construct a semi-submersible drilling rig in Norway, built and funded by Norwegians, as the activity in the oil industry was growing rapidly. In October 1971, the Odfjell family led a Norwegian investment group that formed the company Deep Sea Drilling Company A/S.

The Aker group was initially a key partner of Odfjell Drilling, as its first construction contract was signed with Aker. After meeting several oil companies, a drilling contract was agreed with ELF in Paris on 15 January 1973, and the rig was delivered on 15 February 1974. This contract breakthrough and subsequent successful newbuild development, led to the establishment of Odfjell Drilling and Consulting Company A/S ("**ODCC**"), which was later renamed Odfjell Drilling A/S, on 8 February 1973.

Over the next years, ODCC used its experience from the building of the first H3 rigs to expand its consulting business. The procurement of drilling equipment had given the company expertise and a valuable network of American suppliers and in a short time ODCC became responsible for ordering and delivering eight drilling packages. The work entailed selecting, evaluating and purchasing drilling equipment/drilling packages, as well as follow-up and quality control of suppliers and follow-up and testing in connection with the installation of the equipment on board. ODCC thereby acquired unique expertise and a valuable basis for further developing the company.

When the first big crisis hit the Norwegian offshore industry in 1975/1976, this expertise came into its own in a new setting; a lot of drilling equipment became available and Odfjell Drilling used its expertise to buy relevant drilling equipment for the purpose of renting it out. Odfjell Rental, the predecessor of Odfjell Well Services was born.

When the "Statfjord A" platform was built, Odfjell Drilling rented its core machinery to the operating company, Mobil. Based on its past experience, Odfjell Drilling was able to build, own and operate drilling facilities for Mobil's new and prestigious "Statfjord B" platform in 1978. This was the first platform drilling contract ever awarded to a Norwegian company. In the years that followed, Odfjell Drilling established services in casing handling and expanded within tool rental and maintenance of drilling equipment, well maintenance and engineering services.

In an industry that was changing rapidly, the Group diversified its services to maintain a foothold in several business and geographical areas. In 1977, Odfjell Drilling established an office in the UK with the aim to manage its business on the UKCS. The Group's presence on the UKCS has gradually increased over the years.

In the 1980s, Odfjell Drilling acquired ownership of several drilling rig projects in Asia. Accordingly, Odfjell Drilling Asia Pte Ltd was established in Singapore with the responsibility to manage the Group's involvement in ten different rigs and drillships that were active in Southeast Asia. In parallel with the projects in Asia, the Group also had the drilling rig Omega offshore South Africa, and further had presence in Italy, Benin and Libya. The Group's well service division secured contracts in the Netherlands, the UK and Canada in the 1980s, and, as its business grew geographically, the services it offered were managed from offices and bases in 20 countries across Europe, Africa and Asia. Today, several international contracts are managed from the office in Dubai, UAE.

During 2002 and 2003, a new business was established in Aberdeen, UK to manage new platform drilling contracts for fixed installations. In recent years, the Group has performed drilling operations with mobile offshore units in Brazil, Angola, Tanzania, Kenya, Vietnam, Malaysia and the Philippines in addition to the European activities.

From the beginning of the new century, Odfjell Drilling has expanded in all its business areas and by the end of 2017 the Group had approximately 2,200 employees whereof 1,850 were working offshore. The Group currently has drilling and maintenance operations on 16 fixed installations in the North Sea and management on six mobile offshore units of which four are 100% owned by the Group.

Since the millennium, Odfjell Well Services has expanded its operations considerably, both geographically, with new sophisticated equipment as "Top Drive Casing Running Tool" (TDCRT) new methods as "Casing while drilling" (CWD) and with the new businesses such as Well Bore Cleaning.

In recent years, the Group has completed several material transactions, including: the listing of Odfjell Invest Ltd. (a jack-up drilling company) in 2004 (divested in 2005); the listing of the second Odfjell Invest Ltd. (a company owning semi-submersible drilling rigs) in 2006 (the company was delisted in 2009 and became wholly-owned by Odfjell Drilling in 2010); the sale of the offshore mobile drilling units Deepsea Trym and Deepsea Delta in 2007 and 2008, respectively; the sale of Odfjell Consulting AS in 2010; the sale of Odfjell Well Management AS in 2011 and the sale of Deep Sea Mooring AS and related mooring equipment in 2013; and the sale of the Company's shares (approximately 37%) in Robotic Drilling Systems AS in September 2017. These dispositions have been part of the Group's strategy to complete a significant fleet renewal in which focus has shifted from older generation mid-water drilling rigs to high specification sixth generation ultra-deepwater drilling rigs capable of operating in harsh environments, in addition to adjustment of its portfolio of services in order to meet changing market conditions.

As at the date of this Prospectus, the Group owns three sixth-generation ultra-deepwater harsh environment semi-submersible drilling rigs, Deepsea Stavanger, Deepsea Atlantic and Deepsea Aberdeen, in addition to one third-generation harsh environment semi-submersible drilling rig, Deepsea Bergen. Further, the Company has entered into the construction and purchase agreement for Deepsea Nordkapp, which is expected to be delivered in Q1 2019. For a description of the current legal structure of the Group, please see Section 14.2 "Legal structure".

In addition to owning different types of rigs, the Group has managed drilling units owned by third parties or by the Group and third parties jointly. The ultra-deepwater drillship Deepsea Metro I was delivered from Hyundai Heavy Industries in South-Korea in June 2011. Deepsea Metro I was hot-stacked outside South-Africa until it was awarded a campaign for VietGazprom in Vietnam where it operated from August 2015 to January 2016. In July to September 2016 Deepsea Metro I performed drilling operations for Petronas offshore Peninsular Malaysia. Deepsea Metro I is owned by Golden Close Maritime Corp Ltd. The Company holds convertible bonds with a nominal value of USD 31 million issued by Golden Close Maritime Corp Ltd. In addition, the Group manages Island Innovator, a sixth-generation midwater semi-submersible unit on behalf of the owner Island Drilling Company ASA. The unit is currently operating for Centrica on the NCS.

The ultra-deepwater drillship of Gusto P-10000 design Deepsea Metro II was delivered from Hyundai Heavy Industries in South-Korea in November 2011. Deepsea Metro II was sold 15 March 2016 and Odfjell Drilling ended its engagement as manager of Deepsea Metro II the same year.

## **8.5 Property, plants and equipment**

The Group leases its office space as further described in Section 11.7.4.2 "Future operating lease commitments". In addition to its drilling units as described in Section 8.6.1 "Mobile Offshore Drilling Units", the Group owns well service equipment. As at 31 March 2018 the Group's investment in well service equipment amounted to approximately USD 78 million.

## 8.6 Main assets and key contracts

### 8.6.1 Mobile Offshore Drilling Units

#### 8.6.1.1 Main assets

Below is an overview of Odfjell Drilling's drilling units. For a discussion of the securities pledged on these assets please see Section 11.7.1 "Material borrowings".

		Deepsea Atlantic (Deepsea Stavanger) <sup>1</sup>	Deepsea Aberdeen	Deepsea Nordkapp <sup>4</sup>	Deepsea Bergen
<b>GENERAL</b>					
<b>Type</b>		6 <sup>th</sup> generation semi	6 <sup>th</sup> generation semi	6 <sup>th</sup> generation semi	3 <sup>rd</sup> generation semi
<b>Yard</b>		DSME	DSME	Samsung	Aker Verdal
<b>Delivery</b>		Feb 2009 (July 2010)	May 2014	Yard	February 1983 <sup>2</sup>
<b>Next Classification</b>		2019/2020	2019	NEW	Q3 2015
<b>Design</b>		Enhanced GVA 7500	Enhanced GVA 7500	Moss Maritime CS 60	Aker H-3.2 modified
<b>Harsh environment</b>		Yes	Yes	Yes	Yes
<b>Winterisation prepared</b>		Yes, -20°C	Yes, -20°C	Yes, -20°C	Yes, -10°C
<b>DIMENSIONS</b>					
<b>Displacement drilling</b>	mt	55,100 (56,100)	56,100	69,000	28,000
<b>Air gap/Free board drilling</b>	mt	13,5	13,5	12,95	12,5
<b>Deck area</b>	m <sup>2</sup>	86.4 x 99	86.4 x 99	87.0 x 96	67.4 x 53.9
<b>GENERAL CAPACITIES</b>					
<b>Design water depth</b>	ft	10,000	10,000	6,560	1,500
<b>Outfitted water depth</b>	ft	1,640 (10,000)	2,050	1,640	1,500
<b>Minimum water depth</b>	ft	230	230	328	230
<b>Drilling depth</b>	ft	37,500	37,500	37,500	20,500
<b>VDL Survival moored/DP</b>	mt	6,500/7,500	6,000/7,300	6,500/7,000	4,100
<b>Transit speed</b>	kn	7	7	7	5
<b>POB</b>		128 (192)	158	150	110
<b>Station keeping</b>		DP3 & Mooring	DP3 & Mooring	DP3 & ATA	Mooring
<b>Main deck crane</b>	mt	100/85	100/100	100/100	65/30
<b>Total power</b>	MW	44	44	44.5	9
<b>Thruster power</b>	MW	8 x 4	8 x 4.2	6 x 5.5	4 x 1.1
<b>Liquid mud volume</b>	m <sup>3</sup>	1,800	1,800	2,200	600
<b>DRILLING EQUIPMENT</b>					
<b>Drilling package</b>		Dual NOV	Dual NOV	NOV w/offline standbuilding	NOV
<b>BOPMUX</b>		(15kpsi 6 rams)	15kpsi 6 rams	15kpsi 5 rams	
<b>BOP Hydr contr</b>		15kpsi 4 rams <sup>3</sup>	15kpsi 5 rams		15kpsi 4 rams
<b>Top drive</b>	st	1,000	1,000	1,250	650
<b>Aux top drive</b>	st	500/No topdrive	500	N/A	N/A
<b>Mud pumps</b>	Hp	4 x 2,200	4 x 2,200	4 x 2,200	3 x 1,600
<b>Riser tensioners</b>	kips	3,200	3,200	2,000	640
<b>Setback capacity</b>	tons	1,000	1,000	1,200	300
<b>Motion compensation</b>		Dual Active Drawwork	Dual Active Drawwork	Dual Active Drawwork	Passive/Active

1 Where Deepsea Stavanger deviates from Deepsea Atlantic, Deepsea Stavanger is shown in brackets.

2 Upgraded in 1988, 1994, 1999, 2000, 2003, 2005, 2010, 2012 and 2015.

3 Deepsea Atlantic is currently equipped with hydraulic control/4 ram BOP. 6 ram MUX BOP option.

4 Deepsea Nordkapp is currently under construction with a contractual delivery date on 31 December 2018.

#### 8.6.1.2 Main clients and competitors

Odfjell Drilling's clients in the MODU segment include major national and international oil and gas companies, of which the largest are Equinor, BP, Total, Aker BP and Wintershall, which accounted for more than 90% of the MODU segment's total revenues in the year ended 31 December 2017. The Group has established long-term relationships with its largest clients, and has in particular a long-standing and strong relationship with Equinor, the major oil and gas company on the NCS, and BP, dating back to 1979 and 1977, respectively. Furthermore, the Group has entered into an alliance agreement with Aker BP establishing a long-term relationship which started end of 2017.

The mobile offshore drilling industry consists of a large number of drilling contractors. Odfjell Drilling is focusing on harsh environment as well as deep- and ultra-deepwater drilling. Although, there are a limited number of companies in the drilling industry which focus solely on the ultra-deepwater segment, the drilling industry consists of many companies with different types of drilling assets and operations, with companies such as Transocean, Noble, Ensco, Seadrill, North Atlantic Drilling, Ocean Rig, Diamond, Saipem, Maersk, Stena, Fred Olsen Energy, Northern Drilling and Pacific Drilling considered to be the main competitors of the Group within this segment.

### 8.6.1.3 Key contracts

#### Rig contracts

The rig Deepsea Bergen is contracted to Equinor and operates on the NCS, while Deepsea Atlantic is contracted to Equinor and operates on the NCS. Deepsea Stavanger is contracted to Aker BP for operations also on the NCS. Deepsea Aberdeen is contracted to BP for operations in the West of Shetland region of the UKCS. The firm order backlog from these rig contracts amounted to USD 1.1 billion, with an additional USD 0.03 billion in priced options as of 31 March 2018.

The table below summarises the key terms of the Group's rig contracts as of 31 March 2018 for the rigs in operation:

	<b>Deepsea Stavanger</b>	<b>Deepsea Atlantic</b>	<b>Deepsea Aberdeen</b>	<b>Deepsea Bergen</b>
<b>Contract holder/charterer</b> .....	Odfjell Invest AS	Odfjell Invest AS	Odfjell Drilling Shetland Limited	Deep Sea Drilling Company I AS
<b>Operator</b> .....	Aker BP	Equinor	BP	Equinor
<b>Area of operation</b> .....	NCS	NCS	UKCS, West of Shetland	NCS
<b>Commencement</b> .....	22 February 2018	1 March 2016	21 April 2015	17 April 2018
<b>End of contract term (firm period)</b> .....	October 2018	December 2018	7 years after commencement	Expected October 2018 - including firm well and the following exercised options: Option 1: 2 wells Option 2: 3 wells Option 3: 1 well Option 3: 2 wells Option 4: 3 wells
<b>Options to extend contract term</b> .....	-	-	3 x 1 year	
<b>Contract law</b> .....	Norwegian	Norwegian	English	Norwegian
<b>Day rate</b> .....	Firm contract: USD 250,000 (mix of currencies)	Firm contract: USD 295,000 Option (mix of USD/NOK) <sup>1,2</sup> ; Price subject to oil price	Firm contract: USD 435,000 (mix of USD/GBP) <sup>2,3</sup> Options: Options are unpriced <sup>4</sup>	Average contracted wells: USD 165,000 (mix of USD/NOK) <sup>1,2,5</sup> Options: Option 3: USD 175,000 (mix of USD/NOK) <sup>1,2,5</sup> Option 4: Wells in Q4 2018: USD 65,000 + NOK 948,200 Wells in Q1 2019: USD 85,000 + NOK 948,200 Wells in Q2 2019: To be mutually agreed
<b>Mobilisation charge</b> .....	N/A	USD 1,400,000	USD 20,000,000	95% of day rate from commencement of mobilisation activities
<b>Termination clause</b> .....	Termination: The operator may	Termination: The operator may terminate the	Termination: The operator may terminate the	Termination: The operator may terminate the

<b>Deepsea Stavanger</b>	<b>Deepsea Atlantic</b>	<b>Deepsea Aberdeen</b>	<b>Deepsea Bergen</b>
terminate the contract at its convenience. Termination fee (maximum): 100% of the day rate for the first 30 days, thereafter remaining contract period multiplied by 75% of the day rate.	contract at its convenience. Termination fee (maximum): Remaining contract period multiplied by 70% of the day rate.	contract at its convenience. Termination fee (maximum): Remaining contract period multiplied by 80% of the day rate.	contract at its convenience. Termination fee (maximum): Remaining contract period (based on such duration of each well as communication to contractor or estimated to 30 days per well if not communicated) multiplied by 75% of the day rate.

- The day rates have both a USD (approximately 40%) and a NOK (approximately 60%) component. The USD figures provided for such day rates are rounded figures based on the currency exchange rate of approximately USD/NOK 8.00 which Odfjell Rig Owning Ltd. uses for internal calculations.
- The contract includes escalation clauses intended to cover cost increases.
- The day rate has both a USD (approximately 75%) and a GBP (approximately 25%) component. The USD figures provided for such day rate is a rounded figure based on the currency exchange rate of USD/GBP 1.22 which Odfjell Rig Owning Ltd. uses for internal calculations.
- The day rates for the optional periods are to be mutually agreed.
- The contract with Equinor consists of 1 firm well + 4 x 3 wells options. The first two options have already been exercised and are included in the contract term in the table above (note that option 1 only consists of 2 wells and option 2 of 3 wells), in addition, the first well of option 3 has also been exercised and is also included in the contract term in the table above. There are one three wells option left and two wells of option 3. Prior to the Equinor contract, DSB completed a contract for OMV on the NCS. OMV has an optional well which has to be exercised 6 months after completion of the previous well (17 April 2018). Earliest commencement date of the optional well shall be 9 months following the date at which the option was declared. Contractor then has a commencement window of 12 months from the earliest start-up date. The optional well may also be drilled by DSA or DSS.

The table below summarises the key terms of the Group's rig contracts under which operations have not yet commenced:

	<b>Deepsea Stavanger</b>	<b>Deepsea Stavanger</b>	<b>Deepsea Atlantic</b>
<b>Contract holder/charterer</b> .....	Odfjell Invest AS	Odfjell Invest AS	Odfjell Invest AS
<b>Operator</b> .....	Total E&P South Africa	Aker BP	Equinor
<b>Area of operation</b> .....	South Africa	NCS	NCS
<b>Commencement</b>	1 June 2018 – 1 April 2019	Q2 2019 - 31 August 2019	1 November 2018 - 31 January 2019
<b>Contract term (firm)</b>	1 well	12 months	6 wells
<b>Options to extend contract term</b> .....	1 well	-	1 well + continued optionality
<b>Contract law</b> .....	English	Norwegian	Norwegian
<b>Day rate</b> .....	Firm contract: USD 104,250 + NOK 1,600,000. Option: Revised day rate subject to escalation depending on oil price	Firm contract: USD 129,000 + NOK 1,250,000	Firm contract: USD 134,644 + NOK 1,275,000 (including some 3rd party services). Option: Market pricing based on broker rates less 6.5%
<b>Mobilisation charge</b> .....	USD 7,259,000 + NOK 67,100,000 + fuel	-	USD 2,198,000
<b>Termination clause</b> .....	Termination: The operator may terminate the contract at its convenience. Termination fee (maximum): 90% of the day rate for the remaining contract period (which for this	Termination: The operator may terminate the contract at its convenience. Termination fee (maximum): Remaining contract period (based on such duration of each well	Termination: The operator may terminate the contract at its convenience. Termination fee (maximum): 70% of the operating rate for the remaining days/wells (based on a

	<b>Deepsea Stavanger</b>	<b>Deepsea Stavanger</b>	<b>Deepsea Atlantic</b>
	purpose is estimated to a total of 85 days) plus a bonus of USD 3,000,000.	as communication to contractor or estimated to 30 days per well if not communicated) multiplied by 75% of the day rate.	duration of 45 days for the first 2 wells, otherwise 35 days for production/field development wells and 25 days for exploration wells).

- 1 Option exercised.  
 2 Option exercised.  
 3 Option partly exercised.

In addition, Odffjell Rig Owning Ltd., has entered into an agreement with Aker BP, pursuant to which a drilling contract for a duration of 2+1+1 years has been awarded for Deepsea Nordkapp. The day rates for the drilling contract will be based on market terms to be determined prior to commencement of drilling operations, in addition to a performance bonus in accordance with the alliance agreement the Group has entered into with Aker BP. The contract has a minimum value of USD 245 million, subject to certain adjustments. The commencement of drilling operations is expected in Q2/Q3 2019.

**Management contracts**

The table below summarises the key terms of the management contracts for the management of mobile offshore drilling units owned by third parties:

	<b>Golden Close Maritime Corp. Ltd</b>	<b>Island Drilling Company AS</b>
<b>Units</b> .....	Deepsea Metro I	Island Innovator
<b>Contract holder</b> .....	Odffjell Drilling AS	Odffjell Drilling AS
<b>Length</b> .....	4 years from 29 March 2017	Estimated expiry October 2018 <sup>2</sup>
<b>Fee structure</b> .....	Fixed daily fee of USD 2,950 per Drillship until 31 December 2020 and thereafter USD 5,900 per day	Fixed daily fee of USD 10,000 when in operation (including mobilisation and demobilisation) and USD 4,000 when idle, 5% EBITDA incentive fee and 25% of any client bonuses <sup>1</sup>
<b>Termination clause</b> .....	Termination: No termination at convenience. Termination fee: If terminated due to owner's default, total loss of the drillship or certain change of control events on the part of the owner, 1.5% of the fair market value of the Drillship.	Termination: Either party may terminate the agreement at their convenience, subject to 12 months' prior notice. <sup>2</sup> Termination fee: If terminated due to owner's default or at owner's convenience, (i) for a period of 12 months, the owner shall pay manager the fixed daily fee and the incentive fee, and (ii) for the remaining contract period the owner shall pay to the manager the fixed daily fee. Items (i) and (ii) are however always limited to the maximum amount of USD 6 million. <sup>3</sup>
<b>Contract law</b> .....	English	Norwegian

- 1 All the manager's direct and indirect onshore support cost and offshore personnel cost to be paid by Island Drilling Company AS in addition to the fees.  
 2 The management agreement originally expired on 17 September 2017, and was then extended for six months. Following the expiry of the additional six-month period the agreement was extended twice to allow for completion of IDC's contracts with Centrica and DEA. The DEA contract is for one well with an estimated duration of 23 – 31 days (dry hole case), and is expected to start in late August or September 2018.  
 3 As the agreement has been extended for a short period of time, see note 2, the termination clause is redundant.

The Group's management contract for Deepsea Metro II was terminated on 11 December 2017 as a consequence of the sale of the drillship.



### The construction and purchase contract for Deepsea Nordkapp

In connection with the Preference Share Investment Agreement and the Warrant Investment Agreement, as further described in Section 14.4 "The Preference Shares", Akastor AS ("**Akastor**") transferred an exclusive option (the "**Purchase Option**") to purchase and take delivery of Deepsea Nordkapp from SHI. In consideration for the Purchase Option, the Company shall pay USD 5 million to MHWirth (Singapore) Pte. Ltd. (as the designated affiliate of Akastor for this purpose), which equals the fee that Akastor has paid to SHI for the Purchase Option. MHWirth (Singapore) Pte. Ltd. (with Akastor as guarantor for the payment obligation) has undertaken to finance a portion of Deepsea Nordkapp through the investment in the Preference Shares on the terms and conditions further described in Section 14.4 "The Preference Shares".

On 30 April 2018, Odfjell Rig V Ltd. declared the contract with SHI for the construction, purchase and delivery of Deepsea Nordkapp (the "**Construction Contract**") effective, with a contractual delivery date on 31 December 2018.

The contract price is in total USD 505,250,000, including the USD 5,000,000 payable to MHWirth (Singapore) Pte. Ltd. as consideration for the Purchase Option, and is subject to variations due to adjustments and modifications. USD 457,000,000 of the contract price, is to be paid in two instalments as described below, while the remaining part of the contract price, (USD 48,250,000), shall be settled in the form of a seller's credit (the "**Seller's Credit**").

The first instalment amounts to 40.7% of the contract price, less the USD 5 million already paid by Akastor to SHI, and was paid to SHI on 30 April 2018 together with USD 20,000,000 of the second instalment. The second instalment amounts to 49.7% of the contract price, less the portion of the second instalment paid together with the first instalment, and shall, subject to variations due to adjustments or modifications, be paid upon delivery of the drilling unit. The Seller's Credit falls due for payment five years from the delivery of the drilling unit. Additional project costs are estimated to be USD 96 million and include costs relating to upgrades, spare parts and project supervision (approximately USD 45 million), as well as preparation for operation, mobilisation and financing costs (approximately USD 51 million).

Odfjell Rig V Ltd. is entitled to terminate the Construction Contract if Deepsea Nordkapp is delivered more than 180 days after the contractual delivery date, as extended by permissible delays, and/or in the event of certain deficiencies in the speed, fuel consumption and/or variable load capacity of Deepsea Nordkapp.

Due to the lack of a refund guarantee, the first instalment of the contract price has been paid to an escrow account subject to the terms and conditions set out in an escrow agreement dated 30 March 2018 (the "**Escrow Agreement**") between SHI, Odfjell Rig V Ltd. and KEB HaNa Bank Samsung Center Branch (the "**KEB**"). In accordance with the agreement, if Odfjell Rig V Ltd. confirms in writing to KEB that a refund guarantee, which guarantees the full amount of the escrow account, is issued and provided to Odfjell Rig V Ltd, the full amount of the escrow account, including interest thereon, shall be immediately and without any condition disbursed to SHI. If only a portion of the escrow amount has been guaranteed for, a portion of the escrow amount equal to the guaranteed amount, including interest thereon, shall be paid to SHI.

SHI is entitled to terminate the Construction Contract in the event that (a) Odfjell Rig V Ltd. fails to pay any of the instalments or (b) Odfjell Rig V Ltd. fails to take delivery of Deepsea Nordkapp.

The Company intends to finance the acquisition of Deepsea Nordkapp through (i) a contemplated USD 325 million senior secured term loan facility as further described in Section 11.7.1 "Material borrowings", (ii) USD 170 million of the proceeds from the Private Placement, (iii) the USD 75 million in proceeds from the issue of the Preference Shares to MHWirth (Singapore) Pte. Ltd., as further described in Section 11.7.1 "Material borrowings", and the Seller's Credit of USD 48.25 million, as further described in Section 11.7.1 "Material borrowings".

### 8.6.2 *Well Services*

#### 8.6.2.1 *Main assets*

The Well Services segment's assets mainly consist of casing and tubular running and rental drilling, wellbore cleaning and fishing equipment which is rented to rig sites from the Well Services segment's bases around the world. It also employs skilled technicians providing casing and tubing running, fishing and wellbore cleanout services. The drill tool Rental Equipment includes a broad range of high performance drilling tools covering all drilling phases from exploration to completion and intervention.

Below is an overview of the capex of the Well Services segment and the book value of the Rental Equipment of the Well Services segment for the years 2015 to 2017. In addition, Rental Equipment typically has a value beyond the length of its life for depreciation purposes, as it can be utilised in regions with less demanding environmental and regulatory requirements. The average age of the Rental Equipment is 4 to 5 years.

<i>(In USD million)</i>	Year ended 31 December		
	2017	2016	2015
Capex of the Well Services segment.....	5	8	18
Book value of Rental Equipment.....	82	105	129
Accumulated cost price of Rental Equipment .....	380	375	371

#### 8.6.2.2 Main clients and competitors

Equinor, Shell, Schlumberger, BP, Songa, Dragon Oil, Baker Hughes, Halliburton, Maersk and Petrom are Odfjell Drilling's largest external clients within the Well Services segment, accounting for 70% of the Well Services segment's total revenues in the year ended 31 December 2017. The Group has developed good long-term relationships with its clients in the Well Services segment, which include the most active operators and drilling contractors in the North Sea. For example, the Group's client relationships with Shell, Equinor and BP within the Well Services segment date back to more than a decade. Approximately 80% of Odfjell Drilling's main clients were also clients of the Group's Well Services segment five years ago.

Odfjell Drilling's main competitors within the Well Services segment in the North Sea are Weatherford, Frank's International and a number of smaller local service providers. Globally, competitors include Weatherford, Frank's International, ITS, Tesco, Workstrings, Schlumberger, Baker Hughes and various local service providers.

#### 8.6.2.3 Key contracts

The contract portfolio of the Well Services segment consists of a combination of exclusive and non-exclusive framework agreements, under which the clients may call upon services to be provided periodically on pre-agreed terms, as well as exclusive service agreements priced at day rates or for lump sum payments. The Well Services segment's contract portfolio consists mainly of contracts where the Group is the primary provider. However, under some contracts the Group is the secondary provider or the back-up provider. Most rental service contracts do not impose a delivery obligation on the Group, while most casing contracts do impose such an obligation.

The rental service contracts are for rental of equipment only, with the exception of fishing contracts which also include hire of an operator. Casing and tubular running contracts are a combination of equipment rental and personnel hire with teams of personnel on rotation to operate the casing running.

The table below includes an overview of Odfjell Drilling's key service contracts.

Customer	Scope of work	Commencement date	Expiry date	Options
Equinor	TRS/Rental	January 2015	December 2020	2 x 2 years
Odfjell Drilling Management	TRS/Rental	January 2012	September 2022	3 x 2 years
Heidrun	TRS/Rental	January 2012	September 2022	3 x 2 years
Brage	TRS/Rental	January 2017	May 2021	2 x 2 years
Johan Sverdrup	TRS/Rental	May 2018	September 2022	1 years x 6
Dragon Oil	Fishing	February 2014	July 2018	-
KOC	TRS/Rental/WBC	January 2018	January 2023	-
Odfjell Invest – Deepsea Atlantic/Stavanger	TRS/Rental	February 2016	February 2019	2 x 6 months
Conoco Philips	TRS/Rental	September 2017	September 2021	2 + 2 years
Deepsea Drilling Company – Deepsea Bergen	TRS/Rental	May 2012	October 2018	-
NAM	Rental	September 2016	February 2021	-

Customer	Scope of work	Commencement date	Expiry date	Options
Odfjell Drilling Shetland	Rental	September 2014	September 2021	-
Schlumberger	Rental	December 2014	November 2018	1

### 8.6.3 Drilling & Technology

#### 8.6.3.1 Main assets

The main assets of the Drilling & Technology segment are human resources and system capital. The Platform Drilling business area has approximately 650 employees, both offshore and onshore, located in Norway and the UK, while the Technology business area has employed approximately 50 skilled engineers (excluding contractors), in Norway.

Drilling & Technology's management system combines experience, technology and core values. The management system comprises the Group's consolidated procedures and guidelines for each type of operation the Drilling & Technology segment undertakes globally, including installation specific procedures and checklists. Further, the systems also include environments for measurement, controlling and validation of QHSE-performance, maintenance and drilling operations.

#### 8.6.3.2 Main clients and competitors

Odfjell Drilling's clients in the Drilling & Technology segment are typically large oil and gas companies. The main clients within this segment are Equinor, BP, Wintershall and Taqa, accounting for 84% of the Drilling & Technology segment's total revenues in 2017.

Odfjell Drilling's main competitors within the Platform Drilling business area are Archer and KCA Deutag. The Technology business area's competitors are mainly local yards and smaller engineering companies specialising in drilling services. None of these engineering companies are associated with a drilling contractor and hence cannot offer the same overall engineering and operational services as Odfjell Drilling.

#### 8.6.3.3 Key contracts

##### Platform drilling contracts

Below is an overview of Odfjell Drilling's key platform drilling contracts on the NCS and UKCS:

	Equinor	BP	EnQuest
<b>Installations/platforms</b> .....	Heidrun, and Grane <sup>1</sup>	Clair, Andrew, Bruce and Clair Ridge	Magnus
<b>Contract holder</b> .....	Odfjell Drilling Management AS	Odfjell Drilling UK Ltd	Odfjell Drilling UK Ltd
<b>Operator</b> .....	Equinor	BP	EnQuest
<b>Area of operation</b> .....	Norwegian Continental Shelf	UK Continental Shelf	UK Continental Shelf
<b>Commencement</b> .....	October 2012	October 2012	1 November 2017
<b>End of contract term (firm period)</b> .....	October 2016	December 2014 (July 2016) <sup>2</sup>	1 well
<b>Options to extend contract term</b> .....	3 x 2 year (First and second option exercised)	3 x 2 year (First and second option exercised)	2 x 1 well
<b>Contract law</b> .....	Norwegian	English	English

<sup>1</sup> For the second extension of the contract term, commencing on 1 October 2018, the Group has only been granted Heidrun.

<sup>2</sup> Clair Ridge only.

	Wintershall	TAQA	Equinor
<b>Installations/platforms</b> .....	Brage	Harding	Mariner <sup>1</sup>
<b>Contract holder</b> .....	Odfjell Drilling Management AS	Odfjell Drilling UK Ltd	Odfjell Drilling UK Ltd
<b>Operator</b> .....	Wintershall	TAQA	Equinor UK
<b>Area of operation</b> .....	Norwegian Continental Shelf	UK Continental Shelf	UK Continental Shelf
<b>Commencement</b> .....	October 2016	July 2017	November 2016

	<b>Wintershall</b>	<b>TAQA</b>	<b>Equinor</b>
<b>End of contract term (firm period)</b> .....	October 2020	July 2019	November 2020
<b>Options to extend contract term</b> .....	2 x 2 year	Option to extend for one year at the time	3 x 2 year
<b>Contract law</b> .....	Norwegian	English	English

<sup>1</sup> This contract contains an option for Equinor to enter into a platform drilling contract with Odfjell Drilling for the Bressay Platform on the UKCS, such contract to commence in 2017 and to have a duration of four years, with three options to extend the contract by two years.

As at 31 March 2018, the Platform Drilling business area had a firm contract backlog of USD 375 million, and the total value of optional periods was approximately USD 760 million. Customarily, the contracts (or parts thereof) may be cancelled by the client at its convenience by giving 60 days' notice. In such case, the client is only liable to pay the unpaid balance due for the work already performed, as well as documented and necessary expenses incurred as a direct result of the cancellation.

### Technology contracts

The Technology business area's services are provided under contracts that vary between short- to medium-term reimbursable fixed rates or cost-plus contracts. Fixed rate contracts involve fixed revenue amounts being received by the Group upon completion of certain milestones whereas cost-plus contracts involve clients paying the costs of inputs with the addition of an agreed percentage of profit to the Group. The services are generally contracted under existing framework agreements with oil companies and rig owners.

The Technology business area generates a significant part of its revenues from long-term contracts with clients of the Platform Drilling business area who are also offered engineering services (indirect external clients). Odfjell Drilling currently has drilling modification frame agreements on the majority of platforms where it is also the drilling contractor. This accounted for approximately 15% of the Technology business area's revenue for the year ended 31 December 2017.

The key indirect external clients include Equinor, BP and Wintershall. The Company expects to see additional volume to the Technology business area's portfolio in Norway based on the platform drilling contracts with Equinor and the start-up of the Johan Sverdrup and Mariner operations.

## **8.7 Key operational focus areas and long-term strategy and growth opportunities**

### *8.7.1 Mobile Offshore Drilling Units*

#### 8.7.1.1 Key operational focus areas

The key operational focus areas of the MODU segment are to: (i) maintain a high quality, efficient and predictable operation; (ii) continuously deliver on client expectations; (iii) further develop long term client relationships through alliances and frame agreements for drilling and integrated services; (iv) focus on further developing a cost efficient operational structure and enabling sustainable growth; (v) maintain a highly competent organisation, securing and nurturing competence development both offshore and onshore.

#### 8.7.1.2 Long-term strategy and growth opportunities

The long-term strategy and growth opportunities for the MODU segment are to: (i) continue focusing on the harsh environment segment and explore opportunities within deepwater segments; (ii) increase the number of high spec assets (iii) further develop value-added services and optimise assets to reduce overall well cost for clients; (iv) work closely with a select number of oil and gas companies; (v) focus on driving technology development within drilling and well construction (vi) achieve a balanced mix of medium- and long-term contractual periods; and (vii) increase cost efficiencies without compromising on QHSE standards.

#### 8.7.1.3 Well Services

#### 8.7.1.4 Key operational focus areas

The key operational focus areas of the Well Services segment are to: (i) deliver safe and high quality services and meet clients' needs and expectations; (ii) train and enhance the competence of its personnel and the organisation; (iii) conduct lean and cost-efficient operations and increase process standardisation and efficiency throughout the organisation; (iv) increase market awareness of the Well Services segment; (v) continue to develop existing product lines to stay ahead of competition; and (vi) ensure that it has proprietary equipment and/or methods for all service areas.

#### 8.7.1.5 Long-term strategy and growth opportunities

The long-term strategy and growth opportunities for the Well Services segment are to: (i) expand its portfolio of well bore clean-up, fishing and remedial and well abandonment services; (ii) continue international expansion by targeting areas and product lines with high profit margins and high equipment utilisation potential, and by capitalising on existing client relationships and the presence of the Group's MODUs in new areas; and (iii) consider selective acquisitions of new technology or well service companies.

#### 8.7.2 *Drilling & Technology*

##### 8.7.2.1 Key operational focus areas

The key operational focus areas of the Platform Drilling business area are to: (i) maintain a high level of QHSE performance; (ii) continuously improve operational efficiency; (iii) continuously deliver high uptime; (iv) increase the volume of cross-divisional sales in the Group's operation model; (v) reduce the total POB through increased cross training; and (vi) improve operating margins.

The key operational focus areas of the Technology business area are to: (i) achieve continued profitable growth by hiring an additional 50 new engineers each year and by broadening and growing its portfolio and client base globally; (ii) deliver consistently high-quality services; (iii) build adequate capabilities; and (iv) establish a new engineering hub.

##### 8.7.2.2 Long-term strategy and growth opportunities

The long-term strategy and growth opportunities for the Platform Drilling business area are to: (i) maintain its position as one of the leading providers of platform drilling services in the North Sea; (ii) extend its scope of services; (iii) continue its strong focus on safe and efficient operations; and (iv) use its competitive advantages and market position to establish a firm presence in a region outside the North Sea.

The long-term strategy and growth opportunities of the Technology business area are to: (i) maintain its position as one of the leading providers of drilling engineering and technology services on the NCS and UKCS; (ii) selectively expand into new potential business areas such as subsea drilling, completion and well intervention, plug and abandonment and modular drilling units; (iii) introduce new drilling technology; and (iv) broaden its service portfolio.

### **8.8 Material contracts**

Other than as mentioned in this Section 8, the Preference Share Investment Agreement described in Section 14.4 "The Preference Shares" and the Warrant Investment Agreement described in Section 14.10 "Other financial instruments", no company in the Group has entered into any material contract outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, no company in the Group has entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any material obligation or entitlement.

### **8.9 Health, safety and environment**

The Group's ability to provide safe and reliable services is crucial to its future development. The Group strives to improve its efforts in health, safety, security and the environment and its main objective is to achieve zero faults through continuous improvement. Throughout more than 40-years of operations the Group has endeavoured to develop governance structure, organisational competence, capacity and a leadership culture that promote the objective of maintaining the highest safety standards. Through this approach, the Group aims to safeguard the health of all people involved in its operations, reduce environmental risks through effective risk management and develop a quality culture in which tasks are performed right the first time and in which the goal is to constantly strive to add value for clients. The highest priorities in all QHSE efforts are to manage risks and prevent injuries to personnel. Improved risk management and the strengthening of safety barrier management are important measures in order to ensure a high safety level and prevent major accidents.

The Group believes that, particularly after the Macondo incident in the US Gulf of Mexico, the Group's and its competitors' QHSE records and ability to provide safe operations have become increasingly important to compete for and win contracts. Maintenance of a strong QHSE record acts as a high barrier to entry, limiting smaller and speculative providers' participation in the market. See Section 7.2 "General industry drivers". The Group believes that it has and will continue to benefit from this trend in view of its long and strong QHSE track record.

The following table summarises Odfjell Drilling's QHSE results for the years ended 31 December 2017, 2016 and 2015.

	2017	2016	2015
Lost time incident frequency (H1) – per 1 million working hours <sup>1</sup> .....	0.3	0.6	0.2
Total recordable incident frequency (H2) – per 1 million working hours <sup>2</sup> .....	1.8	1.8	1.1
Dropped objects frequency – per 1 million working hours <sup>3</sup> .....	3.1	4.5	3.5
Sick leave – percentage of total normal working days <sup>4</sup> .....	2.7	3.1	3.5

- 1 Lost time incidents during the last twelve months multiplied by 1 million divided by the number of actual offshore working hours during the last twelve months.
- 2 Lost time incidents and incidents resulting in medical treatment during the last twelve months multiplied by 1 million divided by the number of actual offshore working hours during the last twelve months.
- 3 Number of dropped objects (above 40 joule) during the last 12 months multiplied by 1 million divided by the number of actual offshore working hours during the last twelve months.
- 4 Number of hours absent divided by total normal working days.

### 8.10 Employees

As at 31 March 2018, the Group had approximately 2,300 employees and 200 contractors (whose actions the Group remains responsible for). The table below shows the development in the number of full-time employees in the three months' period ended 31 March 2018 and 2017, respectively, and the for the years ended 31 December 2017, 2016 and 2015 in addition to the number of contractors as at 31 December 2017.

	Full-time employees					Contractors
	Three months ended 31 March		Years ended 31 December			2017
	2018	2017	2017	2016	2015	
<b>Total Group</b> .....	<b>2,313</b>	<b>1,930</b>	<b>2,211</b>	<b>1,708</b>	<b>2,461</b>	<b>177</b>
By segment: .....						
- MODU.....	927	871	878	678	828	66
- Well Services.....	712	471	452	395	495	3
- Drilling & Technology..	472	394	681	445	1,047	104

Each of the Group's local offices are encouraged to source and train its own local workforce rather than use expatriate personnel and the Group utilises in-house training schemes to promote this. In most jurisdictions, the senior workforce consists of expatriates, while the local workforce is trained onsite. The Company is of the opinion that its employee relations are good and has experienced neither significant labour-related work stoppages nor high turnover rates in each of 2017, 2016 and 2015.

The Group has specific procedures for screening, hiring, monitoring and training contractors. During the period of hire, the contractors are assigned an internal sponsor that follows the contractors during training and deliveries through an onboard programme to secure the correct level of quality in deliveries and utilisation. The onboard programme is based on a defined checklist.

### 8.11 Dependency on contracts, patents and licences

It is the Company's opinion that the Group's existing business and profitability is not dependent upon any contracts other than the rig contracts, as further described in Section 8.6.1.3 "Key contracts" and the financing agreements, as further described in Section 11.7.1 "Material borrowings".

It is further the opinion of the Company that the Group's existing business and profitability is not dependant on any patents or licences.

### 8.12 Litigation and disputes

From time to time, the Company and other companies in the Group are involved in litigation, disputes and other legal proceedings arising in the normal course of its business.

During the course of the preceding twelve months, the Group has not been involved in any material litigation or legal proceedings.

### **8.13 Regulation**

The Group is subject to a large number of national and international regulatory and environmental laws and regulations governing all business activities of the Group in the respective jurisdictions.

This includes, in particular, provisions on (i) permitting, (ii) energy operations, (iii) waste treatment, (iv) water protection and (v) the handling, storage and transport of hazardous goods and chemical substances. Further, the Group is subject to requirements on occupational health and safety as well as export control regulations. Also, laws relating to the import and operation of drilling rigs and related onshore and offshore equipment, currency conversions and repatriation, taxation of offshore earnings and earnings of expatriate personnel or the use of local employees and suppliers by foreign contractors may be affected.

The application of the various laws and regulations depends on the specific facilities, installations and activities at the business locations in the relevant jurisdictions. For example, the permits of public authorities required for a specific business operation depend on many individual factors, including the specific purpose of the facility, its capacity and physical structure, the environmental impacts originating from the facility, and the existence of any auxiliary facilities. Operational sites may have to comply with several environmental and regulatory requirements. In addition, environmental liabilities can occur due to public or civil environmental laws.

Generally, the provisions under environmental and regulatory laws applicable to the Group's operations are regularly subject to change. They are continuously being adapted, at the national and international levels, in particular by the European Union, to the level of technical sophistication and the increased need for safety and environmental protection in the energy sector. Due to the broad geographical scope of the Group's business operations, the contents and details as well as the practice of enforcement of the applicable legal framework varies throughout the different jurisdictions concerned. Generally, non-compliances may result in administrative (e.g. fines or suspension or withdrawal of permits) or criminal sanctions.

The Group's offshore activities are subject to numerous specific laws and regulations in the form of international conventions and treaties, national, state and local laws, in particular relating to the maritime environment, and national and international regulations in force in the jurisdictions in which the Group operates or is registered.

These regulations include, but are not limited to, the International Convention for the Safety of Life at Sea 1974, the International Convention for the Prevention of Pollution from Ships 1973, the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, the International Convention on Civil Liability for Oil Pollution Damage 1969, the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, the International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004, the Convention on the Prevention of Marine Pollution by Dumping of Waste and other Matters 1972 (as amended by the 1996 London Protocol) and the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978. These laws and standards govern safety and the discharge of materials into the environment or otherwise relate to environmental protection. In certain circumstances, these laws may impose strict liability, rendering companies in the Group liable for environmental and natural resource damages without regard to negligence or fault on the part of the Group.

Implementation of new environmental laws or regulations that may apply to the oil and gas or offshore accommodation industries may impact on the Group's business activity, financial condition or results of operations. Please see Section 2 "Risk factors" for an overview of risk factors relating to environmental laws and regulations applicable to the Group.

### **8.14 Intellectual property and information technology**

The intellectual property rights relating to the drilling units and related equipment are the proprietary rights of the Group's suppliers or sub-suppliers. Please see Section 2.4 "Risks relating to laws, regulation and litigation – Technology disputes involving the Group, the Group's suppliers or sub-suppliers could impact the Group's operations" for an overview of risk factors relating to potential technology disputes.

The Group has several trademarks registered in countries all over the world, including among others the name "Odfjell Drilling", "Deepsea" and the Odfjell Drilling logo. Further, although not material to the business of the Group as a whole, the Well Services segment has several patents registered and applications pending with the intention of patenting various processes relating to operational aspects and improvements.

The Group further relies on information technology systems to communicate with its drilling units and conduct its business. The Group has implemented customary virus control systems and access control systems, and continuously evaluates its information technology and information security. Information technology systems that support for instance maintenance processes are implemented so that each drilling unit's system is operative independently of whether the central system is operative or not (replication technology). The Group also relies upon security measures and technology to securely maintain confidential and proprietary information maintained on its information technology systems.

### **8.15 Insurance**

As is customary in the oilfield services industry, the Group mitigates its exposure to the risks normally associated with a drilling contractors operation, such as environmental damage and accidents, through indemnification arrangements and insurance policies.

The Group's charter and service contracts generally contain contractual indemnities against liability for pollution, well and environmental damages, damages to equipment and property, as well as personal injury. These indemnities provide that the Group's clients, the oil and gas companies, will retain liability and indemnify the Group for (i) environmental pollution caused by any oil, gas, water or other fluids and pollutants originating from below the seabed, (ii) damage to client and third-party equipment and property including any damage to the sub-surface and reservoir, and (iii) personal injury to or death of client personnel.

The Group is self-insured for certain claims in amounts that the Company believes to be customary and reasonable to retain for its own account and maintains insurance worldwide for liability arising from its operations, which covers all of its material assets, including all capital items such as the drilling units and rental equipment. The insurance covers, inter alia, loss of, or damage to, the drilling units and its equipment (hull and machinery), third-party property during care custody and control, sickness, death or injury to employees and/or third parties, oil pollution, wreck removal and third party liability (protection and indemnity insurance), and statutory workers' compensation.

In connection with the charter contracts, the Group maintains the following insurance coverage: (i) hull and machinery, (ii) protection and indemnity, and (iii) war risk insurance and other associated and complimentary insurances.

To protect the Group's service contracts, the Group has a primary General Third Party Liability insurance policy ("**GTPL**") for general third party and product liability. The policy covers legal liability up to an annual aggregate limit of NOK 75 million (NOK 75 million per occurrence for general liability) per occurrence, including damage caused to a third party and an annual aggregate limit of NOK 50 million but limited to NOK 13.25 million per occurrence for professional indemnity as a result of faulty product design, feasibility or engineering studies etc. The Group's general third party and product liability insurance policy does, however, expressly exclude coverage for certain types of environmental damages normally being the responsibility of the oil and gas companies. In all locations, except North America, the policy covers only environmental damages for the MODU operation that are the direct and unavoidable consequences of a sudden, unforeseen and identifiable event and, in the case of recoverable pollution damage, the policy also covers clean-up related expenses imposed by public authorities. To complement the primary GTPL policy the Group also procured an excess/umbrella third party liability insurance (including excess P&I up to USD 200 million), which also covers the other activities of the Group, subject to an annual aggregate limit of USD 50 million per occurrence. The excess/umbrella policy has also been extended to include pollution liability which is directly caused by or arising from the work with well(s), subject to a self-retention of USD 1 million.

The Group also maintains an insurance policy for transport and storage of the Group's equipment (excluding the drilling units) for coverage of up to NOK 53 million per occurrence.

The determination of the appropriate level of insurance coverage is made on an individual asset basis taking into account several factors, including the age, market value, cash flow value and replacement value of the asset. However, there can be no assurance that the amount of insurance the Group carries is sufficient to protect the Group from all liabilities, and a successful liability claim for which the Group's is underinsured or uninsured could have a material adverse effect on the Group.

Odfjell Drilling has not made any material insurance claims under any of its insurance policies during 2017, 2016 and 2015.



## 9 CAPITALISATION AND INDEBTEDNESS

This Section provides information about the Group's unaudited capitalisation and net financial indebtedness on an actual basis as at 31 March 2018 and, in the "As adjusted" column, the Group's unaudited capitalisation and net financial indebtedness on an adjusted basis to give effect to the material post-balance sheet events and effects of the (i) Private Placement completed on 19 April 2018 raising gross proceeds of USD 175 million of which approximately USD 4 million are expenses charged to the Company for fees to the Joint Bookrunners and its legal advisors and (ii) issuance of the Preference Shares raising gross proceeds of approximately USD 75 million of which approximately USD 150 thousand are expenses charged to the Company for fees to its advisors. The information presented below should be read in conjunction with the information included elsewhere in this Prospectus, including Section 10 "Selected financial information" and the Financial Information and related notes, incorporated by reference to this Prospectus (see Section 19.3 "Incorporation by reference").

Other than the Private Placement (see Section 17.1 "The Private Placement") and the issuance of the Preference Shares (see 14.4 "The Preference Shares"), there has been no material change to the Company's capitalisation and net financial indebtedness (on an unconsolidated basis) since 31 March 2018. For further details regarding the Private Placement, see Section 17 "The completed Private Placement and the terms of the Subsequent Offering " and Section 5 "Reasons for the Private placement and the subsequent offering".

### 9.1 Capitalisation

(In USD thousands)

	<b>As of 31 March 2018</b>	<b>Adjustment for the Private Placement<sup>1</sup></b>	<b>Adjustment for Preference Shares<sup>2</sup></b>	<b>As adjusted</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Indebtedness</b>				
<i>Total current debt:</i>				
Guaranteed .....	-	-	-	-
Secured <sup>3</sup> .....	166,013	-	-	166,013
Unguaranteed/unsecured .....	-	-	-	-
<b>Total current debt</b> .....	<b>166,013</b>	<b>-</b>	<b>-</b>	<b>166,013</b>
<i>Total non-current debt:</i>				
Guaranteed .....	-	-	-	-
Secured .....	1,058,103	-	-	1,058,103
Unguaranteed/unsecured .....	-	-	-	-
<b>Total non-current debt</b> .....	<b>1,058,103</b>	<b>-</b>	<b>-</b>	<b>1,058,103</b>
<b>Total indebtedness</b> .....	<b>1,224,116</b>	<b>-</b>	<b>-</b>	<b>1,224,116</b>
<b>Shareholders' equity</b>				
Share capital .....	1,987	380	-	2,367
Preference share capital .....	-	-	161	161
Other contributed .....	326,853	166,620	74,689	568,162
Other reserves .....	-96,244	-	-	-96,244
Retained earnings .....	536,438	-	-	536,438
<b>Total shareholders' equity</b> .....	<b>769,035</b>	<b>167,000</b>	<b>74,850</b>	<b>1,010,885</b>
<b>Total capitalisation</b> .....	<b>1,993,151</b>	<b>167,000</b>	<b>74,850</b>	<b>2,235,001</b>

1 Reduced for a fee of approximately USD 4 million payable by the Company to the Joint Bookrunners and legal advisors in connection with the completion of the Private Placement.

2 Reduced for a fee of approximately USD 150 thousand payable by the Company to its legal advisors in connection with the issuance of the Preference Shares.

3 Mortgages in semi-submersibles Deepsea Atlantic, Deepsea Stavanger, Deepsea Aberdeen and Deepsea Bergen, in addition to floating charges covering well services assets are main security for secured debt, as further described in Section 11.7.1 "Material borrowings".

## 9.2 Net financial indebtedness

(In USD thousands)

	<b>As of 31 March 2018</b>	<b>Adjustment for the Private Placement<sup>1</sup></b>	<b>Adjustment for Preference Shares<sup>2</sup></b>	<b>As adjusted</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net indebtedness				
(A) Cash.....	193,984	167,000	74,850	435,834
(B) Cash equivalents.....	-	-	-	-
(C) Interest bearing receivables ...	-	-	-	-
<b>(D) Liquidity (A)+(B)+(C) .....</b>	<b>193,984</b>	<b>167,000</b>	<b>74,850</b>	<b>435,834</b>
<b>(E) Current financial receivables .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(F) Current bank debt.....	-	-	-	-
(G) Current portion of non- current debt.....	166,013	-	-	166,013
(H) Other current financial debt ...	-	-	5,750	5,750
<b>(I) Current financial debt (F)+(G)+(H) .....</b>	<b>166,013</b>	<b>-</b>	<b>5,750</b>	<b>171,763</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D) .....</b>	<b>-27,971</b>	<b>-167,000</b>	<b>-69,100</b>	<b>-264,071</b>
(K) Non-current bank loans.....	1,058,103	-	-	1,058,103
(L) Bonds issued.....	-	-	-	-
(M) Other non-current loans.....	-	-	-	-
<b>(N) Non-current financial indebtedness (K)+(L)+(M).....</b>	<b>1,058,103</b>	<b>-</b>	<b>-</b>	<b>1,058,103</b>
<b>(O) Net financial indebtedness (J)+(N).....</b>	<b>1,030,132</b>	<b>-167,000</b>	<b>-69,100</b>	<b>794,032</b>

1 Reduced for a fee of approximately USD 4 million payable by the Company to the Joint Bookrunners and legal advisors in connection with the completion of the Private Placement.

2 Reduced for a fee of approximately USD 150 thousand payable by the Company to its legal advisors in connection with the issuance of the Preference Shares.

## 9.3 Working capital statement

As at the date of this Prospectus, the Company is of the opinion that the working capital available to the Group is not sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Prospectus. The reason for the shortfall is that the Group has not yet entered into a final and binding loan agreement for the USD 325 million bank facility which Odfjell Rig V Ltd. is expected to enter into for the purpose of financing the remaining part of the purchase price for Deepsea Nordkapp, as further described in Section 11.7.1 "Material borrowings - Odfjell Rig V Ltd. - USD 325 million bank facility". Odfjell Rig V Ltd. has, however, agreed on the main terms of such USD 325 million credit facility with certain lenders and expects to cover the shortfall through the final commitment of such facility. The Company is at the date of the Prospectus confident that a final financing agreement for the facility in the amount of USD 325 million will be entered into prior to the delivery date of Deepsea Nordkapp when debt financing in the amount of USD 325 million will be required, which is expected to be at delivery of Deepsea Nordkapp. In the event that the Company contrary to its expectations should be unable to secure the required bank facility or secures only parts of the required facility, the Group will contemplate other external or equity financing measures such as bond financing, refinancing of other loan facilities in the Group on the basis of its satisfactory contract backlog, shorter-term financing structures or by divestiture of assets or business segments in order to bridge the remaining funding requirement of Deepsea Nordkapp. In the event that the Group fails to secure the required financing of the shortfall when due, the Group risks entering into bankruptcy proceedings.

## 9.4 Contingent and indirect indebtedness

As at 31 March 2018 and as at the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

## 10 SELECTED FINANCIAL INFORMATION

### 10.1 Introduction

The tables set out in this Section 10 "Selected financial information" present selected financial information derived from the Group's audited consolidated financial statements (including the notes thereto) as of and for the years ended 31 December 2017, 2016 and 2015 (the Financial Statements) and the Company's unaudited interim condensed financial information as of, and for the three months' period ended 31 March 2018 (with comparable figures for the same period of 2017) (the Interim Financial Statements). The Financial Statements have been prepared in accordance with IFRS, as adopted by the EU. The Interim Financial Statements have been prepared in accordance with IAS 34. The Financial Statements and Interim Financial Statements are incorporated by reference to this Prospectus, see Section 19.3 "Incorporation by reference".

The Financial Statements have been audited by PwC, as set forth in their report thereon included therein. The Interim Financial Statements have not been audited. PwC has not audited, reviewed or produced any report on any other information provided in this Prospectus.

The selected financial information presented herein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements and the Interim Financial Statements, incorporated by reference to this Prospectus, see Section 19.3 "Incorporation by reference", and should be read together with Section 11 "Operating and financial review".

The Interim Financial Statements show condensed figures, meaning that some of the items presented separately in the Financial Statements have been merged in the Interim Financial Statements (for example, items "Goodwill" and "Software" are presented as "Intangible assets" in the Interim Financial Statements and "Current income tax" is included in "Other current liabilities").

### 10.2 Summary of accounting policies and principles

The Norwegian FSA has reviewed the financial statements for 2014 and the Q3 2015 quarterly report focusing on the Group's impairment tests of its mobile offshore drilling units at the reporting date. On 24 May 2016 the Company received an enforcement decision from the Norwegian FSA concluding that the rigs, Deepsea Atlantic and Deepsea Stavanger, were impaired as of 30 September 2015 and the Company was ordered to recalculate the value in use for both rigs, taking into consideration assumptions that are more in line with external value estimates.

Based on this enforcement decision, the Company has recalculated the value in use for both rigs as of 30 September 2015, 31 December 2015 and 31 March 2016 using updated assumptions and taking into account the information known at the 30 June 2016 reporting date. Accordingly, Deepsea Atlantic and Deepsea Stavanger have been written-down as at 30 September 2015 in the total amount of USD 158.5 million. All relevant figures have been restated from 30 September 2015.

Due to the current market environment, Deepsea Atlantic and Deepsea Stavanger have been further written-down as at 31 December 2016 in the total amount of USD 80 million.

For information regarding accounting policies and the use of estimates and judgments, please refer to note 31 and note 2, respectively, of the Financial Statements as of and for the year ended 31 December 2017, incorporated by reference hereto, see Section 19.3 "Incorporation by reference".

### 10.3 Consolidated income statement

The table below sets out selected data from the Group's unaudited condensed consolidated interim income statement for the three months' periods ended 31 March 2018 and 2017 and from the Group's audited consolidated income statement for the years ended 31 December 2017, 2016 and 2015.

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>					<i>restated</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Operating revenue.....	174,805	148,351	662,158	657,392	926,827

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Total operating income</b> .....	<b>174,805</b>	<b>148,351</b>	<b>662,158</b>	<b>657,392</b>	<b>926,827</b>
Other gains/losses .....	415	135	11,215	629	1
Share of profit / (loss) from joint ventures .....	-	-	0	20	(269,186)
<b>Total other items</b> .....	<b>415</b>	<b>135</b>	<b>11,215</b>	<b>649</b>	<b>(269,185)</b>
Personnel expenses .....	(83,642)	(61,348)	(260,815)	(232,561)	(381,736)
Depreciation, amortisation and impairment loss .....	(40,415)	(40,725)	(161,436)	(250,722)	(320,806)
Other operating expenses .....	(35,189)	(32,630)	(138,838)	(140,663)	(197,423)
<b>Total operating expenses</b> .....	<b>-</b>	<b>-</b>	<b>(561,089)</b>	<b>(623,946)</b>	<b>(899,966)</b>
<b>Operating profit (EBIT)</b> .....	<b>15,975</b>	<b>13,784</b>	<b>112,285</b>	<b>34,094</b>	<b>(242,324)</b>
Share of profit / (loss) from joint ventures .....	-	(522)	(1,485)	1,399	(28,405)
Net financial items .....	(22,568)	(18,732)			
Interest income .....	-	-	1,535	819	1,241
Borrowing cost .....	-	-	(72,028)	(69,055)	(70,156)
Other financial items .....	-	-	(3,618)	(5,810)	4,470
<b>Finance cost - net</b> .....	<b>-</b>	<b>-</b>	<b>(75,596)</b>	<b>(72,647)</b>	<b>(92,850)</b>
<b>Profit / (loss) before tax</b> .....	<b>(6,593)</b>	<b>(5,470)</b>	<b>36,688</b>	<b>(38,553)</b>	<b>(335,174)</b>
Income tax (expense) / income .....	(204)	(2,017)	(1,335)	(25,141)	15,741
<b>Profit/(loss) for the period</b> .....	<b>(6,797)</b>	<b>(7,487)</b>	<b>35,353</b>	<b>(63,694)</b>	<b>(319,433)</b>
Of which attributable to the owners of the Company .....	(6,797)	-	35,353	(63,694)	(319,433)
Of which attributable to non-controlling interests .....	-	-	-	-	-
Basic earnings per share (USD) .....	(0.03)	-	0.18	(0.32)	(1.61)
Diluted earnings per share (USD) .....	(0.03)	-	0.18	(0.32)	(1.61)

#### 10.4 Consolidated statement of comprehensive income

The table below sets out selected data from the Group's unaudited condensed consolidated interim statement of comprehensive income for the three months' periods ended 31 March 2018 and 2017 and from the Group's audited consolidated statement of comprehensive income for the years ended 31 December 2017, 2016 and 2015.

	Three month ended 31 March		Year ended 31 December		
	2018	2017	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Profit / (loss) for the period</b> .....	<b>(6,797)</b>	<b>(7,487)</b>	<b>35,353</b>	<b>(63,694)</b>	<b>(319,433)</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Actuarial gain / (loss) on post-employment benefit obligations .....	-	-	(266)	(4,526)	8,170
<b>Total</b> .....	<b>-</b>	<b>-</b>	<b>(266)</b>	<b>(4,526)</b>	<b>8,170</b>
<b>Items that are or may be reclassified to profit or loss:</b>					
Cash flow hedges .....	245	463	353	470	(528)
Currency translation differences .....	8,531	1,041	9,531	(1,689)	(11,947)

	Three month ended 31 March		Year ended 31 December		
	2018	2017	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Total</b>	<b>8,775</b>	<b>1,504</b>	<b>9,884</b>	<b>(1,218)</b>	<b>(12,475)</b>
<b>Other comprehensive income, net of tax</b> .....	<b>8,775</b>	<b>1,504</b>	<b>9,618</b>	<b>(5,744)</b>	<b>(4,305)</b>
<b>Total comprehensive income</b> .....	<b>1,978</b>	<b>-</b>	<b>44,971</b>	<b>(69,438)</b>	<b>(323,739)</b>
<b>Attributable to:</b>					
Owners of the Company.....	1,978	-	44,971	(69,438)	(323,739)
<b>Total comprehensive income for the period</b> .....	<b>1,978</b>	<b>(5,983)</b>	<b>44,971</b>	<b>(69,438)</b>	<b>(323,739)</b>

1 Items are disclosed net of tax. Please see note 7 to the financial statements for the year ended 31 December 2017 and note 8 to the financial statements for the year ended 31 December 2016, incorporated by reference hereto, see Section 19.3 "Incorporation by reference", for the income tax relating to each item.

## 10.5 Consolidated statement of financial position

The table below sets out selected data from the Group's unaudited condensed consolidated interim statement of financial position for the three months' periods ended 31 March 2018 and 2017 and from the Group's audited consolidated statement of financial position as of 31 December 2017, 2016 and 2015.

	As of 31 March		As of 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
<b>Assets</b>					
Goodwill.....	-	-	19,736	18,786	18,383
Deferred tax asset.....	3,739	2,453	3,566	2,498	8,397
Intangible assets.....	34,790	32,480	-	-	-
Software.....	-	-	13,119	14,223	15,417
Property, plant and equipment.....	1,747,758	1,882,297	1,782,393	1,912,754	2,131,364
Financial fixed assets.....	1,008	8,360	-	-	-
Investments in joint ventures.....	-	-	-	8,217	14,419
Derivative financial instruments.....	-	-	318	235	386
Other non-current assets.....	-	-	233	287	360
<b>Total non-current assets</b> .....	<b>1,787,295</b>	<b>1,925,590</b>	<b>1,819,365</b>	<b>1,957,000</b>	<b>2,188,726</b>
Spare parts.....	-	-	1,680	1,782	2,818
Contract assets.....	792	-	-	-	-
Trade receivables.....	129,357	114,756	137,438	111,090	178,481
Other current assets.....	17,490	20,955	-	-	-
Other current receivables.....	-	-	13,673	12,097	45,195
Other current financial assets.....	-	-	102	-	-
Cash and cash equivalents.....	193,984	173,806	165,970	181,623	201,626
<b>Total current assets</b> .....	<b>341,623</b>	<b>309,517</b>	<b>318,863</b>	<b>306,591</b>	<b>428,120</b>
<b>Total assets</b> .....	<b>2,128,918</b>	<b>2,235,107</b>	<b>2,138,228</b>	<b>2,263,592</b>	<b>2,616,846</b>
<b>Equity and liabilities</b>					
Share capital.....	-	-	1,987	1,987	1,987
Other contributed capital.....	-	-	326,853	326,853	326,853
Other reserves.....	-	-	(105,019)	(114,903)	(113,684)
Retained earnings.....	-	-	543,235	508,148	576,368
Total paid-in capital.....	328,841	328,841	-	-	-
Other equity.....	440,194	387,262	-	-	-

	As of 31 March		As of 31 December		
	2018	2017	2017	2016	2015
(In USD thousands)	(unaudited)	(unaudited)	(audited)	(audited)	restated (audited)
<b>Total equity attributable to owners of the Company</b> .....	<b>769,035</b>	<b>716,103</b>	<b>767,057</b>	<b>722,086</b>	<b>791,524</b>
Non-current interest-bearing borrowings	1,058,103	1,183,151	1,076,103	1,208,180	878,664
Derivative financial instruments .....	-	-	-	101	2,156
Post-employment benefits .....	18,615	16,627	18,084	17,554	42,636
Other non-current liabilities .....	5,262	5,710	5,331	1,522	1,660
<b>Total non-current liabilities</b> .....	<b>1,081,979</b>	<b>1,205,488</b>	<b>1,099,519</b>	<b>1,227,358</b>	<b>925,116</b>
Current interest-bearing borrowings .....	166,013	205,496	157,472	204,058	718,360
Contract liabilities .....	22,805	-	-	-	-
Trade payables .....	29,580	21,384	35,214	17,233	25,150
Current income tax .....	-	-	298	12,357	9,567
Social security and other taxes .....	-	-	16,163	13,337	16,697
Other current liabilities .....	59,506	86,636	62,505	67,163	130,433
<b>Total current liabilities</b> .....	<b>277,904</b>	<b>313,516</b>	<b>271,652</b>	<b>314,148</b>	<b>900,206</b>
<b>Total liabilities</b> .....	<b>1,359,882</b>	<b>1,519,004</b>	<b>1,371,171</b>	<b>1,541,506</b>	<b>1,825,322</b>
<b>Total equity and liabilities</b> .....	<b>2,128,918</b>	<b>2,235,107</b>	<b>2,138,228</b>	<b>2,263,592</b>	<b>2,616,846</b>

## 10.6 Consolidated statement of cash flows

The table below sets out selected data from the Group's unaudited condensed consolidated interim statement of cash flows for the three months' periods ended 31 March 2018 and 2017 and from the Group's audited consolidated statements of cash flows for the years ended 31 December 2017, 2016 and 2015.

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
(In USD thousands)	(unaudited)	(unaudited)	(audited)	(audited)	restated (audited)
<b>Cash flow from operating activities:</b>					
Profit / (loss) before tax .....	(6,593)	(5,470)	36,688	(38,553)	(335,174)
<b>Adjustments for:</b>					
Depreciation, amortisation and impairment loss .....	40,415	40,725	161,436	250,722	320,806
Unrealised (gain) / loss on interest rate swaps .....	(435)	(129)	(520)	(660)	(7,438)
Interest expense – net .....	15,775	16,190	64,101	60,359	59,791
Borrowing cost .....	1,499	1,471	6,160	7,432	7,872
Share of (profit) / loss from joint ventures .....	-	522	1,485	(1,419)	297,591
Net (gain)/loss on sale of shares and other financial investments .....	-	-	(9,769)	0	-
Net (gain) / loss on sale of tangible fixed assets .....	(306)	(38)	(1,496)	(486)	(1)
Post-employment benefit expenses less post-employment benefit payments .....	(529)	(1,023)	(656)	(32,873)	(8,071)
Net currency loss / (gain) not related to operating activities .....	4,767	376	2,136	(4,115)	5,137
Net effect acquisition of shares in joint venture .....	-	-	-	-	(2,974)
<b>Changes in working capital:</b>					
Spare parts .....	(125)	81	157	1,079	610
Trade receivables .....	12,563	(2,953)	(21,392)	58,446	39,947
Trade payables .....	(7,163)	4,119	16,897	(11,177)	(4,184)

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated (audited)</i>
Other accruals.....	(2,264)	(2,287)	(9,801)	(47,724)	612
<b>Cash generated from operations.....</b>	<b>57,604</b>	<b>51,584</b>	<b>245,426</b>	<b>241,032</b>	<b>374,524</b>
Interest paid.....	(14,234)	(14,752)	(64,688)	(58,802)	(69,390)
Net income tax refunded / (paid).....	(305)	(9,378)	(14,900)	16,443	(34,267)
<b>Net cash generated from operating activities.....</b>	<b>43,065</b>	<b>27,454</b>	<b>165,839</b>	<b>198,673</b>	<b>270,867</b>
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment.....	(5,861)	(9,694)	(29,468)	(31,229)	(147,044)
Proceeds from sale of property, plant and equipment.....	473	173	2,036	1,464	3,661
Loans granted to employees.....	-	-	-	-	147
Sub-ordinated loan to related parties.....	-	-	-	-	(1,355)
Other non-current receivables.....	-	-	64	67	-
Purchase of shares incl. joint ventures.....	-	-	-	-	(3,162)
Proceeds from shares incl. joint ventures.....	-	-	26,580	7,920	-
<b>Net cash used in investing activities.....</b>	<b>(5,389)</b>	<b>(9,521)</b>	<b>(787)</b>	<b>(21,778)</b>	<b>(147,754)</b>
<b>Cash flows from financing activities:</b>					
Net proceeds from borrowings financial institutions.....	-	-	(737)	519,226	110,000
Repayments of borrowings to financial institutions.....	(12,500)	(26,500)	(183,500)	(713,000)	(224,000)
Purchase of own shares.....	-	-	-	-	(612)
<b>Net cash from financing activities.....</b>	<b>(12,500)</b>	<b>(26,500)</b>	<b>(184,237)</b>	<b>(193,774)</b>	<b>(114,612)</b>
<b>Net change in cash and cash equivalents.....</b>	<b>25,176</b>	<b>(8,567)</b>	<b>(19,186)</b>	<b>(16,879)</b>	<b>8,502</b>
Cash and cash equivalents at beginning of period.....	165,970	181,623	181,623	201,626	191,201
Effects of exchange rate changes on cash and cash equivalents.....	2,838	751	3,533	(3,125)	1,922
<b>Cash and cash equivalents at period end.....</b>	<b>193,984</b>	<b>173,806</b>	<b>165,970</b>	<b>181,623</b>	<b>201,626</b>

### 10.7 Consolidated statement of changes in equity

The table below sets out selected data from the Group's unaudited condensed consolidated interim statement of changes in equity for the three months' periods ended 31 March 2018 and 2017 and from the Group's audited consolidated statements of changes in equity for the years ended 31 December 2017, 2016 and 2015.

<i>(In USD thousands)</i>	Share capital	Other contributed capital	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2015.....</b>	<b>2,000</b>	<b>329,809</b>	<b>(103,566)</b>	<b>887,631</b>	<b>1,115,874</b>
Profit/loss for the period.....	-	-	-	(319,433)	(319,433)
Other comprehensive income for the period.....	-	-	(12,475)	8,170	(4,305)
<b>Total comprehensive income for the period.....</b>	<b>-</b>	<b>-</b>	<b>(12,475)</b>	<b>(311,263)</b>	<b>(323,739)</b>
Cancellation of repurchased shares.....	(13)	(2,956)	2,969	-	-
Purchase of own shares.....	-	-	(612)	-	(612)
<b>Transactions with owners.....</b>	<b>(13)</b>	<b>(2,956)</b>	<b>2,357</b>	<b>-</b>	<b>(612)</b>
<b>Restated balance at 31 December 2015.....</b>	<b>1,987</b>	<b>326,853</b>	<b>(113,684)</b>	<b>576,368</b>	<b>791,524</b>
Profit / (loss) for the period.....	-	-	-	(63,694)	(63,694)

<i>(In USD thousands)</i>	<b>Share capital</b>	<b>Other contributed capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Other comprehensive income for the period.....	-	-	(1,218)	(4,526)	(5,744)
<b>Total comprehensive income for the period</b> .....	<b>-</b>	<b>-</b>	<b>(1,218)</b>	<b>(68,220)</b>	<b>(69,438)</b>
<b>Transactions with owners</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2016</b> .....	<b>1,987</b>	<b>326,853</b>	<b>(114,903)</b>	<b>508,148</b>	<b>722,086</b>
Profit / (loss) for the period.....	-	-	-	(7,487)	(7,487)
Other comprehensive income for the period.....	-	-	1,504	-	1,504
<b>Total comprehensive income for the period</b> .....	<b>-</b>	<b>-</b>	<b>1,504</b>	<b>(7,487)</b>	<b>(5,983)</b>
<b>Balance at 31 March 2017</b> .....	<b>1,987</b>	<b>326,853</b>	<b>(113,398)</b>	<b>500,661</b>	<b>716,103</b>
Total comprehensive income for the period Q2-Q4.....	-	-	8,379	42,575	50,954
<b>Balance at 31 December 2017</b> .....	<b>1,987</b>	<b>326,853</b>	<b>(105,019)</b>	<b>543,235</b>	<b>767,057</b>
<b>Balance at 31 December 2016</b> .....	<b>1,987</b>	<b>326,853</b>	<b>(114,903)</b>	<b>508,148</b>	<b>722,086</b>
Profit / (loss) for the period.....	-	-	-	35,353	35,353
Other comprehensive income for the period.....	-	-	9,884	(266)	9,618
<b>Total comprehensive income for the period</b> .....	<b>-</b>	<b>-</b>	<b>9,884</b>	<b>35,087</b>	<b>44,971</b>
<b>Transactions with owners</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2017</b> .....	<b>1,987</b>	<b>326,853</b>	<b>(105,019)</b>	<b>543,235</b>	<b>767,057</b>
Profit / (loss) for the period.....	-	-	-	(6,797)	(6,797)
Other comprehensive income for the period.....	-	-	8,775	-	8,775
<b>Total comprehensive income for the period</b> .....	<b>-</b>	<b>-</b>	<b>8,775</b>	<b>(6,797)</b>	<b>1,978</b>
<b>Transactions with owners</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2018</b> .....	<b>1,987</b>	<b>326,853</b>	<b>(96,244)</b>	<b>536,438</b>	<b>769,035</b>

## 10.8 Segment information

The table below is derived from the notes to the Group's Financial Statements and from the Group's Interim Financial Statements.

The Group's internal reporting is prepared according to Norwegian GAAP. This gives rise to differences between the measurements of segment disclosures and comparable items disclosed in the Financial Statements.

<i>(In USD million)</i>	<b>Three months ended 31 March 2018</b>				
	<b>Mobile offshore drilling units</b>	<b>Drilling and technology</b>	<b>Well services</b>	<b>Corporate / Eliminations</b>	<b>Consolidated</b>
External segment revenue.....	119,186	32,208	19,317	4,093	174,805
Inter segment revenue.....	-	1,827	8,663	(10,491)	-
<b>Total revenue</b> .....	<b>119,186</b>	<b>34,036</b>	<b>27,981</b>	<b>(6,398)</b>	<b>174,805</b>
EBITDA.....	52,736	785	6,312	(3,444)	56,390
Depreciation and impairment.....	(33,224)	(16)	(6,233)	(941)	(40,415)
<b>EBIT</b> .....	<b>19,513</b>	<b>769</b>	<b>79</b>	<b>(4,386)</b>	<b>15,975</b>

<i>(In USD million)</i>	<b>Three months ended March 2017</b>				
	<b>Mobile offshore drilling units</b>	<b>Drilling and technology</b>	<b>Well services</b>	<b>Corporate / Eliminations</b>	<b>Consolidated</b>
External segment revenue.....	110,830	18,917	16,898	1,706	148,351
Inter segment revenue.....	390	1,860	3,557	(5,808)	-



<b>Total revenue</b> .....	<b>111,220</b>	<b>20,777</b>	<b>20,456</b>	<b>(4,102)</b>	<b>148,351</b>
EBITDA .....	54,439	(39)	5,075	(4,966)	54,508
Depreciation and impairment .....	(32,823)	(221)	(7,532)	(149)	(40,725)
<b>EBIT</b> .....	<b>21,615</b>	<b>(259)</b>	<b>(2,457)</b>	<b>(5,115)</b>	<b>13,784</b>

**Year ended  
December 2017**

<i>(In USD million)</i>	<b>Mobile offshore drilling units</b>	<b>Drilling and technology</b>	<b>Well services</b>	<b>Corporate / Eliminations</b>	<b>Consolidated</b>
External segment revenue .....	478,443	97,798	74,764	11,152	662,158
Inter segment revenue .....	2,605	7,651	22,101	(32,356)	-
<b>Total revenue</b> .....	<b>481,047</b>	<b>105,449</b>	<b>96,865</b>	<b>(21,204)</b>	<b>662,158</b>
EBITDA .....	243,736	15,019	31,606	(16,642)	273,720
Depreciation and impairment .....	(132,243)	(912)	(27,972)	(309)	(161,436)
<b>EBIT</b> .....	<b>111,493</b>	<b>14,107</b>	<b>3,634</b>	<b>(16,951)</b>	<b>112,285</b>

**Year ended  
December 2016**

<i>(In USD million)</i>	<b>Mobile offshore drilling units</b>	<b>Drilling and technology</b>	<b>Well services</b>	<b>Corporate / Eliminations</b>	<b>Consolidated</b>
External segment revenue .....	433,756	124,273	87,530	11,833	657,392
Inter segment revenue .....	4,149	7,056	22,574	(33,779)	-
<b>Total revenue</b> .....	<b>437,905</b>	<b>131,329</b>	<b>110,103</b>	<b>(21,946)</b>	<b>657,392</b>
EBITDA .....	226,399	(24)	43,145	15,296	284,817
Depreciation and impairment .....	(216,285)	(4,061)	(32,303)	1,927	(250,722)
<b>EBIT</b> .....	<b>10,113</b>	<b>(4,085)</b>	<b>10,842</b>	<b>17,223</b>	<b>34,094</b>

**Year ended  
December 2015  
*(restated)***

<i>(In USD million)</i>	<b>Mobile offshore drilling units</b>	<b>Drilling and technology</b>	<b>Well services</b>	<b>Corporate / Eliminations</b>	<b>Consolidated</b>
External segment revenue .....	614,342	172,840	121,196	18,450	926,827
Inter segment revenue .....	6,283	24,444	17,199	(47,927)	-
<b>Total revenue</b> .....	<b>620,625</b>	<b>197,284</b>	<b>138,395</b>	<b>(29,477)</b>	<b>926,827</b>
EBITDA .....	300,460	4,423	54,774	(281,175)	78,482
Depreciation and impairment .....	(281,174)	(5,201)	(34,979)	547	(320,806)
<b>EBIT</b> .....	<b>19,286</b>	<b>(778)</b>	<b>19,795</b>	<b>(280,628)</b>	<b>(242,324)</b>

## 10.9 Sales revenues by geographical area

The table below sets out Odfjell Drilling's sales revenues by geographic area for the years ended 31 December 2017, 2016 and 2015.

<i>(In USD thousands)</i>	<b>Year ended 31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>2015 <i>(restated)</i></b>
<b>Operating revenue by geography</b>			
Norway .....	410,568	362,360	431,472
United Kingdom .....	193,233	211,826	203,345
Other countries Europe .....	11,593	17,038	26,357
Angola .....	-	-	183,277
Asia .....	44,054	55,498	66,456
Brazil .....	-	3,374	15,920
Other countries .....	2,709	7,296	-
<b>Total operating income</b> .....	<b>662,158</b>	<b>657,392</b>	<b>926,827</b>

#### **10.10 Auditor**

The Company's independent auditor is PricewaterhouseCoopers AS (PwC), with company registration number 987 009 713, and business address Dronning Eufemias gate 8, N-0191 Oslo, Norway. PwC and its auditors are members of Den Norske Revisorforening (The Norwegian Institute of Public Accountants).

The Financial Statements have been audited by PwC, as set forth in their report thereon included therein. PwC included the following emphasis of matter in the financial report for the year ended 31 December 2015:

*"Emphasis of matter*

*We draw attention to the Board of Directors' report and Note 1 in the financial statements which states that the Group has a loan facility of USD 575 million that mature in November 2016, a loan facility that needs to be refinanced or extended before the maturity date. Due to the uncertainties and volatility in today's markets, no guarantees can be given as to the results of the forthcoming refinancing. In the event that a forced realisation of assets or other value impairing events must take place, losses may occur. These conditions, along with other matters set forth in the Board of Directors' report and Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter."*

The Group fulfilled the conditions for the refinancing on 28 September 2016 and PwC did not include any emphasis of matter in their auditor reports for the years ending 31 December 2016 and 2017.

## 11 OPERATING AND FINANCIAL REVIEW

The following review of the Group's financial condition and operating results should be read together with Section 10 "Selected financial information" and the Financial Statements and Interim Financial Statements and related notes, incorporated by reference hereto, see Section 19.3 "Incorporation by reference".

The Interim Financial Statements do not include all of the information required for the full annual financial statements of the Group and should be read in conjunction with the Financial Statements.

The operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Company's current expectations, estimates, assumptions and projections about the Group's industry, business and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of several factors, including those discussed in Section 2 "Risk factors" and Section 4.3 "Cautionary note regarding forward-looking statements", as well as other Sections of this Prospectus.

### 11.1 Overview and presentation

#### 11.1.1 Introduction of the Group

Odfjell Drilling is a drilling, engineering and well services provider with more than 40 years of experience focusing on the offshore harsh environment and deepwater markets.

#### 11.1.2 Reporting segments

Odfjell Drilling operates through the three following segments:

- **Mobile Offshore Drilling Units (MODU):** In the MODU segment, the Group operates drilling units owned by the Group and by third parties. The MODU segment also offers management services to other owners of semi-submersibles, drillships and jack-ups, mainly operational management, management of regulatory requirements, marketing, contract negotiations and client relations, preparations for operation and mobilisation.
- **Well Services:** The Well Services segment provides casing and tubular running services (both automated and conventional) as well as drilling tool and tubular rental services, both for exploration wells and for production purposes.
- **Drilling & Technology:** The Drilling & Technology segment is divided into two business areas: Platform Drilling and Technology. The main service offering of the Platform Drilling business area is production drilling and well completion on client's rigs. Other types of services offered are slot recovery, plug and abandonment, work-overs and maintenance activities.

The Technology business area offers engineering services ranging from design and engineering to building supervision, project management and operational support for newbuild projects, SPS certifications and yard stays. The services are provided internally and to external clients that represent a diverse group, consisting mainly of owners of mobile offshore drilling units and oil and gas companies.

#### 11.1.3 Presentation of financial information

The Financial Statements have been prepared in accordance with IFRS and interpretations by IASB, as adopted by the EU. The Interim Financial Statements have been prepared in accordance with IAS 34. The unaudited condensed Interim Financial Statements for the three months' periods ended 31 March 2018 and 2017 have been prepared in accordance with IAS 34. The Financial Statements and the Interim Financial Statements are incorporated by reference hereto, see Section 19.3 "Incorporation by reference". The Financial Statements have been audited by PwC, as set forth in their report thereon included therein. The Interim Financial Statements have not been audited.

For a more detailed description of accounting policies and the use of estimates and judgments, please refer to note 2 of the financial statements for the year ended 31 December 2017, incorporated by reference hereto, see Section 19.3 "Incorporation by reference".

## 11.2 Recent developments and trends

The Company has not experienced any changes or trends that are significant to the Company since 31 March 2018.

## 11.3 Significant factors affecting the Group's results of operations and financial performance

The Group's operations and results of operations have been, and may continue to be, affected by a range of factors. The factors that Management believes have had a material effect on the Group's results of operations during the periods under review, as well as those considered likely to have a material effect on its results of operations in the future, are described in the following.

### 11.3.1 Client demand and spending

Demand for the Group's services is principally driven by clients' (primarily oil and gas companies') spending to explore and develop oil and gas reserves and produce oil and gas products. The Group's clients also include companies that sell products and services to the oil and gas companies. The oil and gas companies' level of E&P activity will, consequently, also affect the level of activity of these clients and their demand for the Group's services.

The oil and gas industry is highly cyclical. Many factors can affect the level of exploration, development and production activities by the Group's clients including macroeconomic trends in the oil and gas industry. Global macroeconomic conditions and trends have a direct effect on the activity level of the Group, including, for example, its ability to secure new contracts and to build a stable contract backlog, and therefore its results of operations and financial performance. See Section 7 "Industry and market overview" for a discussion about the principal macroeconomic and industry trends affecting the Group's results of operations.

During the last two years, global industry conditions have had a positive development and all the oil and gas companies that the Group has significant client relationships with has increased their E&P activities.

In the period from 2016 until 2017, a total of 74 exploration wells were drilled on the NCS. The number of exploration wells is estimated to increase in the years to come as discoveries do not replace the production. See Section 7.3.4 "The Norwegian rig market" for a discussion of trends in the drilling of wells on the NCS.

Oil and gas companies' budget announcements and spending plans released to date indicate a growth of approximately 10% in E&P activities year-on-year for 2018.

As a result of increased E&P activity, and thus increased demand for drilling services, the Group has been able to maintain a high utilisation of its assets and employees in all of its business segments during the periods under review. This has generally affected the Group's results of operations positively. The results of operations of the Group's MODU segment and its Platform Drilling business area are affected by longer-term spending decisions of their clients, which are themselves based on long-term trends in oil and gas prices, while the results of operations of the Technology business area and the Well Services segment are more sensitive to client decision-making based on short-term fluctuations in oil and gas prices.

Demand for the Group's services is also positively impacted by its clients increasingly seeking opportunities in deeper and harsher waters, as this favours the Group's products and services. Harsh environments, in particular, and ultra-deepwater areas have high barriers to entry and the day rates that the Group earns in these areas in its MODU segment are higher than day rates applicable in less deep waters or more benign conditions. As between harsh environment and ultra-deepwater drilling, the Group generally earns higher day rates in harsh environments in view of the difficulty of operating conditions and the Group's acknowledged expertise. See Section 7 "Industry and market overview" for a discussion of day rates in harsh environments. With its sixth-generation drilling units, the Group believes it is well positioned to secure drilling contracts in these areas in the future.

### 11.3.2 Revenue generation

The Group's three segments use different contracting models and performance indicators due to the different types of services offered by each segment, which have an impact on revenue generation, and therefore EBIT, for each segment.

## MODU

The Group considers that the related performance indicators, contracts and day rates, and financial utilisation together with backlog (discussed below) are key to understanding the MODU segment's revenues and result of operations.

### *Contracts and day rates*

For the MODU segment, the Group generally enters into medium-term (one to two years) and long-term (over two years) drilling unit contracts, customarily with an option for the client to extend the contract for one or several optional periods, and often including mobilisation fees for new contracts.

Day rates are the rates at which the MODU segment earns revenue for its services under its drilling unit contracts with clients and the Group generally invoices its clients monthly in arrears. The Group's contracts provide for lower day rates that apply under certain circumstances that prohibit or reduce the financial utilisation of the drilling unit (for example delays due to weather, repairs, maintenance, standby arrangements and force majeure).

Day rates often vary by geographic market as they reflect cost levels, tax rates and capital expenditure required for each jurisdiction, as well as the supply of available drilling units. However, changes in market day rates generally only affect the MODU segment's day rates when the MODU segment signs a new contract, as day rates are fixed over the contract term.

The Group also enters into contracts to manage mobile offshore drilling units owned by third parties. These contracts, which include contracts for services provided on the rig Island Innovator and Deepsea Metro I, amounted to 9% of the MODU segment revenue for the year ended 31 December 2017.

### *Financial utilisation*

Financial utilisation for the MODU segment's drilling units is measured on a monthly basis and comprises the actual monthly invoice amount (encompassing different hourly day rates) for all hours in a month, expressed as a percentage of the full day rate for all hours in a month.

Financial utilisation, by definition, does not take into account periods of non-utilisation when the drilling units are not under contract. As is customary in the industry, drilling units are subject to periods of non-utilisation to permit upgrades, repair, maintenance, inspections and surveys, which periods can be significant. The drilling units also go through additional periods of non-utilisation in connection with the SPS each fifth year to obtain re-classification, during which the drilling unit could be idle for 30 days or more. The Group estimates that its capital expenditure every five years for SPS is USD 35 million per rig. The Group's last SPS occurred in 2015 for Deepsea Stavanger. Financial utilisation takes into account scheduled non-utilisation that occurs after the commencement of a contract.

The table below sets out the historical financial utilisation for each drilling unit under drilling contracts in the applicable period. Financial utilisation is measured from the commencement date to the expiry date of the drilling contracts.

	Three months ended		Year ended		
	31 March		31 December		
	2018	2017	2017	2016	2015
Deepsea Stavanger.....	98.6%	96.7%	98.3%	99.7%	98.8%
Deepsea Atlantic.....	98.9%	96.3%	97.6%	97.3%	99.0%
Deepsea Bergen.....	99.7%	98.5%	97.6%	96.4%	83.9% <sup>1</sup>
Deepsea Aberdeen.....	97.0%	95.2%	95.5%	98.3%	97.2%

<sup>1</sup> Low utilisation due to SPS.

## Well Services

### *Contracts*

In the Group's Well Services segment, the Group provides a wide range of services under a variety of contractual arrangements, including medium- to long-term framework agreements (one year to four years) for Rental Equipment and services at identified rates but generally with no volume commitment from the client, as well as exclusive service agreements priced at day rates or for lump sum payments. The Well Services segment has both exclusive and non-exclusive contracts. As there are generally no volume commitments under the contracts, deployment of equipment and personnel is a key factor for revenue generation. The cost structure for Well Services contracts generally is

evenly divided between fixed and variable costs. From Q1 2017 to Q1 2018, the Well Services segment had a revenue CAGR of 37% and an average EBITDA margin of 24%.

## **Drilling & Technology**

### *Contracts*

Within the Group's Drilling & Technology segment, the Platform Drilling business area's contracts in the NCS and UKCS are long-term (three years and longer) for fixed periods with an option for the client to extend the contract for additional specified periods, as is customary in the market. These contracts are customarily at fixed rates for the firm contracted period. The cost structure for Platform Drilling contracts may differ by client and geographic market. The Technology business area's services are provided under contracts that vary between short- to medium-term reimbursable fixed rate or cost-plus contracts. Fixed rate contracts involve fixed revenue amounts being received by the Group upon completion of certain milestones or fixed day rates received for the work performed whereas cost-plus contracts involve clients paying the costs of inputs with the addition of an agreed percentage of profit to the Group. The services are generally contracted under existing framework agreements with oil companies and rig owners.

### *Utilisation*

As the Platform Drilling business area's contracts are long-term contracts at fixed rates, utilisation of its services is normally fixed for the contract term. During the contract term, clients may change their production plans and, within identified notice periods, the Group may change the services it provides. There are different day rates applicable for the various types of services that may be provided. Growth in revenues in the Platform Drilling business area generally derives from new contracts rather than price increase.

Most of the Technology business area's contracts are framework agreements, where the Group generates revenue only when its personnel are being utilised under the relevant contract. Utilisation is measured as the number of billable hours per employee expressed as a percentage of total hours available and is a key factor in revenue growth for this business area.

### *11.3.3 Backlog*

"Backlog" means contracted future revenue under contracts for drilling units in the MODU segment and services in Platform Drilling Business area's contracts. Backlog is not calculated for the Group's Well Services segment and Technology business area as their contracts are typically long-term framework agreements which do not provide for fixed volumes; however, these segments have nonetheless had a relatively predictable revenue stream. Backlog is not calculated for the management contracts in the MODU segment.

The Group presents backlog both inclusive and exclusive of any priced optional periods exercisable by clients. The Group seeks to enter into medium- (one to two years) to long-term (over two years) contracts for the MODU segment and long-term contracts for the Platform Drilling business area, both customarily with an option for the client to extend the contract for one or more optional periods. There are typically high costs for the client associated with replacing drilling units and platform drilling contractors. This provides an incentive for clients to exercise an option to extend the contract especially with the Platform Drilling business area. Backlog is calculated as the aggregate of such contracted future revenue for the MODU segment and Platform Drilling business area over the relevant contracted period for each contract.

Backlog provides an indication of future revenues, but not future EBIT, as costs may not fluctuate in proportion to revenue. While backlog is a key performance indicator of the Group's future business, backlog may change over time depending on any early termination of contracts, changes to the scope of work and changes to the applicable day rate. Changes in backlog provide an early indication of the future direction of sales and earnings and also provide an early indicator for Management to adjust resource levels or seek additional sales opportunities.

As of 31 March 2018, the Group had a total backlog within the MODU segment and the Platform Drilling business area of approximately USD 2.7 billion including priced option periods, and USD 1.7 billion excluding priced option periods. Backlog is not calculated for the Group's Well Services segment, the Technology business area or the rig management contracts in the MODU segment.

The following table sets out the Group's backlog for the periods indicated:

<i>In USD billions</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>After</b>	<b>Total</b>
Firm contract.....	0.395	0.515	0.444	0.243	0.099	0	0	0	0	1.695
Priced options....	0.017	0.036	0.026	0.103	0.178	0.169	0.111	0.098	0.285	1.023
<b>Total backlog..</b>	<b>0.411</b>	<b>0.551</b>	<b>0.470</b>	<b>0.346</b>	<b>0.277</b>	<b>0.169</b>	<b>0.111</b>	<b>0.098</b>	<b>0.285</b>	<b>2.718</b>

#### 11.3.4 Costs of operations

##### Personnel costs

Personnel costs are the costs related to (i) for the MODU segment, offshore crews and onshore personnel operating the drilling units; (ii) for the Platform Drilling business area, onshore personnel and offshore crews that provide the drilling and maintenance services; (iii) for the Technology business area, the engineers that perform services; (iv) for the Well Services segment, personnel that provide the casing and tubular running services and rental services; and (v) corporate and administrative personnel. These costs, which vary by geographic market and location, consist of employees' salaries and wages, bonuses, employer's national insurance contributions, pension expenses, other benefits and hired personnel.

The Group's operations depend on a skilled and experienced workforce of onshore personnel, offshore crew and offshore personnel and are all labour intensive. For the Technology and Platform Drilling business areas, personnel costs accounted for 71% of the business areas' total operating costs in 2017.

For the MODU segment, the Group's personnel costs are directly correlated to the number of drilling units under contract, as its crews are paid for the number of days worked at a set day rate, rather than by a salary. The Group has in the past maintained, and may in the future maintain, a core crew on drilling units when they are off-hire for shorter periods so that they can be mobilised quickly and at a lower cost when they are contracted, which may result in the incurrence of some personnel costs even when a rig is off-hire. Subject to customer demand and requirements, the MODU segment may also utilise subcontractors and extra personnel in addition to the requirements specified in the contract. These personnel expenses are in general reimbursable from the client plus a margin. For the Technology and Platform Drilling business areas and the Well Services segment it may be necessary to use hired personnel from third parties depending on the availability and current utilisation/workload of the Group's employees, the cost of which may be reimbursable plus a margin depending on the contract type. Third party personnel costs in the MODU and Well Services segments and the Technology and Platform Drilling business areas may not be reimbursable from the client if the Group needs additional personnel to fulfil its contractual obligations. The structure described above assists the Group in adapting its cost base to reduced activity levels.

##### Depreciation costs

Depreciation costs primarily consist of depreciation of the Group's drilling units and Rental Equipment. Drilling units are depreciated using the straight line method as from the date of first commencement of the unit, and taking into account an estimated residual value. For the purpose of calculating depreciation, drilling units are divided into main components that are depreciated over their expected useful lifetime. The main group of components are the rig, derrick and drain system (approximately 65% of the book value), which are expected to have an economic useful lifetime of 30 years, the drilling package, cranes and crew equipment (approximately 25% of the book value), which are depreciated over 20 years, and other equipment (approximately 2% of the book value), which is depreciated over five years. Periodic maintenance is depreciated over five years, until the next SPS.

The Well Services segment's Rental Equipment is depreciated over the expected useful life of each individual asset.

The Group's depreciation schedules are subject to on-going review based on experience and changes in technology and other factors which impact on the expected useful life.

#### 11.3.5 Borrowing costs

The Group has incurred, and may in the future incur, significant amounts of debt. As of 31 March 2018, the Group had USD 1,234 million in interest bearing debt, representing 57.6% of its total equity and liabilities. As a result, borrowing costs have been and may continue to be a significant cost for the Group, and the Group is, and will continue to be exposed to interest rate risk primarily in relation to the portion of its long-term borrowings bearing floating interest rates. See Section 11.7.1 "Material borrowings".

The Group evaluates the extent to which it needs to enter into interest rate hedging transactions based on assessment of the Group's total interest rate risk and currently has a combination of borrowings that bear interest at fixed and floating interest rates in order to limit exposure. Approximately 17% of the Group's interest-bearing debt was hedged as of 31 March 2018.

Although interest rates were generally low during the periods under review, increases in interest rates may, to the extent not hedged pursuant to the Group's hedging policies, impact the Group's cash flow and financial condition in the future.

#### *11.3.6 Investments in joint ventures and disposals*

Historically, the Group has made material acquisitions and disposals, although no material acquisitions have been made during the periods under review.

As at 31 March 2018, the Group had a 20% investment in each of Guarapari Drilling BV, Siri Drilling BV and Itioca Drilling BV. The investment was written down to zero in 2015.

The Group sold its 37% shareholding in Robotic Drilling Systems AS in September 2017. As a result of this, the Group has no recorded book value of investments in joint ventures.

The Group will continue to consider acquisition and disposal opportunities as part of its business development strategy.

### **11.4 Explanation of income statement line items**

**Operating revenue.** Operating revenue primarily consists of revenue generated under the Group's contracts. Operating revenue includes lump sum fees for mobilisation and demobilisation recognised over the contract period and reimbursed salary and personnel expenses for crews on drilling units with management agreements.

**Other gains/losses.** Other gains/losses primarily consist of gains and losses arising from disposals of well services equipment and gains and losses from disposals of subsidiaries and other assets.

**Share of profit/losses from joint ventures.** Share of profit/losses from joint ventures primarily consists of the Group's share of profit/losses from investments classified as joint ventures. The share of profit/losses from each joint venture investment is measured using the equity method in accordance with IFRS 11.

**Personnel expenses.** Personnel expenses primarily consist of salaries and wages, including bonuses, and employer's national insurance contributions, pension expenses, other benefits and hired personnel (for the Group's operations).

**Depreciation and impairments.** Depreciation and impairments consist primarily of depreciation of property, plant and equipment in addition to impairment of non-current assets.

**Other operating expenses.** Other operating expenses consist primarily of administrative expenses, hired services and subcontractors (including consultants and subcontractors for specific projects), hired well service equipment, inspection and repair and maintenance.

**Interest income.** Interest income includes interest income from bank and time deposits and interest on subordinated loans to related parties.

**Operating profit (EBIT).** EBIT for the Group consists of operating revenue minus total operating expenses.

**Borrowing cost.** Borrowing cost consists primarily of interest expense on Group borrowings and fees related to borrowing facilities.

**Other financial items.** Other financial items consists primarily of currency gains and losses, gains/losses on interest rate swaps and other financial income and expenses, including interest on net pension liabilities.



**Income tax (expense) income.** Income tax (expense) income consists primarily of (i) income tax at domestic tax rates applicable to profits in countries where the Group operates, (ii) change in deferred tax and (iii) withholding tax in some jurisdictions related to the Well Service segment.

## 11.5 Results of operations for the Group

11.5.1 Three months' period ended 31 March 2018 compared to the three months' period ended 31 March 2017

### 11.5.1.1 Income statement

The table below is extracted from the Group's Interim Financial Statements for the three months' period ended 31 March 2018 and compared to the three months' period ended 31 March 2017.

	Three months ended 31 March	
	2018	2017
<i>(In USD thousands)</i>		
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating revenue <sup>1</sup> .....	174,805	148,351
<b>Total operating income</b> .....	<b>174,805</b>	<b>148,351</b>
Other gains / losses .....	415	135
<b>Total other items</b> .....	<b>415</b>	<b>135</b>
Personnel expenses .....	(83,642)	(61,348)
Depreciation, amortisation and impairment loss .....	(40,415)	(40,725)
Other operating expenses .....	(35,189)	(32,630)
EBITDA .....	56,390	54,508
<b>Operating profit (EBIT)</b> .....	<b>15,975</b>	<b>13,784</b>
Share of profit / (loss) from other joint ventures .....	-	(522)
Net financial items .....	(22,568)	(18,732)
<b>Profit / (loss) before tax</b> .....	<b>(6,593)</b>	<b>(5,470)</b>
Income tax (expense) / income .....	(204)	(2,017)
<b>Profit/(loss) for the period</b> .....	<b>(6,797)</b>	<b>(7,487)</b>
Of which attributable to the owners of the Company .....	(6,797)	(7,487)
<b>Earnings per share (USD)</b>		
Basic earnings per share (USD) .....	(0.03)	(0.04)
Diluted earnings per share (USD) .....	(0.03)	(0.04)

1 Operating revenue in the Group includes reimbursed salary and personnel expenses for crews on drilling units with management agreements.

### Operating revenue

Operating revenue for the three months' period ended 31 March 2018 was USD 174,805 thousand compared to USD 148,351 thousand for the three months' period ended 31 March 2017, an increase of USD 26,454 thousand, or approximately 18%. The increase in operating revenue was primarily attributable to higher turnover in all segments.

#### MODU

Operating revenue for the MODU business segment for the three months' period ended 31 March 2018 was USD 119,186 thousand compared to USD 111,220 thousand for the three months' period ended 31 March 2017, an increase of USD 7,966 thousand, or approximately 7%. The increase in operating revenue was primarily attributable to Deepsea Stavanger generating revenues on a contract for Wintershall in 2018 while being idle most of 1Q 2017.

#### Well Services

Operating revenue for the Well Services business segment for the three months' period ended 31 March 2018 was USD 27,981 thousand compared to USD 20,456 thousand for the three months' period ended 31 March 2017, an

increase of USD 7,525 thousand, or approximately 37%. The increase in operating revenue was primarily attributable to increased activity level in Norway and Europe.

#### *Drilling & Technology*

Operating revenue for the Drilling & Technology business segment for the three months' period ended 31 March 2018 was USD 34,036 thousand compared to USD 20,777 thousand for the three months' period ended 31 March 2017, an increase of USD 13,259 thousand, or approximately 64%. The increase in operating revenue was primarily attributable to an increased portfolio of fixed installations in operations on the UKCS.

#### **Other gains / losses**

Other gains / losses for the three months' period ended 31 March 2018 were USD 415 thousand compared to USD 135 thousand for the three months' period ended 31 March 2017, an increase of USD 280 thousand or approximately 207%. The increase in other gains/losses was attributable to increased gain on disposal of fixed assets.

#### **Personnel expenses**

Personnel expenses for the three months' period ended 31 March 2018 were USD (83,642) thousand compared to USD (61,348) thousand for the three months' period ended 31 March 2017, an increase of USD 22,294 thousand or approximately 36%. The increase in personnel expenses was primarily attributable to a higher activity level and more employees engaged.

#### **Depreciation, amortisation and impairment loss**

Depreciation, amortisation and impairment loss for the three months' period ended 31 March 2018 was USD (40,415) thousand compared to USD (40,725) thousand for the three months' period ended 31 March 2017, a decrease of USD 310 thousand or approximately 1%. The decrease in depreciation and impairment was primarily attributable to decreased depreciation of Well Service equipment partly offset by increased depreciation of periodic maintenance.

#### **Other operating expenses**

Other operating expenses for the three months' period ended 31 March 2018 were USD (35,189) thousand compared to USD (32,630) thousand for the three months' period ended 31 March 2017, an increase of USD 2,559 thousand or approximately 8%. The increase in other operating expenses was primarily attributable to the higher activity level in Q1 2018.

#### **EBITDA**

EBITDA for the three months' period ended 31 March 2018 was USD 56,390 thousand compared to USD 54,508 thousand for the three months' period ended 31 March 2017, an increase of USD 1,882 thousand, or approximately 3%. See the following for more information on the changes in EBITDA for each of the Group's business segments for the relevant period.

#### *MODU*

EBITDA for the MODU business segment for the three months' period ended 31 March 2018 was USD 52,736 thousand compared to USD 54,439 thousand for the three months' period ended 31 March 2017, a decrease of USD 1,702 thousand, or approximately 3%. The decrease in EBITDA was primarily attributable to lower profits related to management contracts for other non-controlled drilling units.

#### *Well Services*

EBITDA for the Well Services business segment for the three months' period ended 31 March 2018 was USD 6,312 thousand compared to USD 5,075 thousand for the three months' period ended 31 March 2017, an increase of USD 1,238 thousand, or approximately 24%. The increase in EBITDA was primarily attributable to improved activity and performance in Norway and Europe.

#### *Drilling & Technology*

EBITDA for the Drilling & Technology business segment for the three months' period ended 31 March 2018 was USD 785 thousand compared to a loss of USD 39 thousand for the three months' period ended 31 March 2017, an increase of USD 824 thousand. The increase in EBITDA was primarily attributable to higher activity and margins for the operation of fixed installations, especially in the UK.

### Operating profit (EBIT)

Operating profit (EBIT) for the three months' period ended 31 March 2018 was USD 15,975 thousand compared to USD 13,784 thousand for the three months' period ended 31 March 2017, an increase of USD 2,191 thousand or approximately 16%. The increase in EBIT was primarily attributable to increased performance in the Well Services segment.

### Income tax (expense) / income

Income tax (expense) for the three months' period ended 31 March 2018 was USD (204) thousand compared to USD (2,017) thousand for the three months' period ended 31 March 2017, a decrease of USD 1,803 thousand or approximately 89%. The decrease was primarily due to the utilisation of tax losses released by realisation of shares and in general lower payable taxes incurred in jurisdictions with ordinary corporate income taxation.

### Profit / (loss) for the period

Loss from continuing operations for the three months' period ended 31 March 2018 was USD (6,797) thousand compared to USD (7,487) thousand for the three months' period ended 31 March 2017, decrease of USD 690 thousand or approximately 9%. The decrease in loss from continuing operations was attributable to inter alia increased EBITDA, increased EBIT, increased financing cost and reduced tax.

#### 11.5.2 Year ended 31 December 2017 compared to the year ended 31 December 2016

##### 11.5.2.1 Income statement

The table below is extracted from the Group's Financial Statements for the year ended 31 December 2017 and compared to the year ended 31 December 2016.

	Year ended 31 December	
	2017 <i>(audited)</i>	2016 <i>(audited)</i>
<i>(In USD thousands)</i>		
Operating revenue <sup>1</sup> .....	662,158	657,392
<b>Total operating revenue</b> .....	<b>662,158</b>	<b>657,392</b>
Other gains/losses .....	11,215	629
Share of profit / (loss) from joint ventures .....	-	20
<b>Total other items</b> .....	<b>11,215</b>	<b>649</b>
Personnel expenses .....	(260,815)	(232,561)
Depreciation, amortisation and impairment loss .....	(161,436)	(250,722)
Other operating expenses .....	(138,838)	(140,663)
<b>Total operating expenses</b> .....	<b>(561,089)</b>	<b>(623 946)</b>
<b>Operating profit (EBIT)</b> .....	<b>112,285</b>	<b>34,094</b>
Share of profit / (loss) from other joint ventures .....	(1,485)	1,399
Interest income .....	1,535	819
Borrowing cost .....	(72,028)	(69,055)
Other financial items <sup>2</sup> .....	(3,618)	(5,810)
<b>Finance cost – net</b> .....	<b>(75,596)</b>	<b>(72,647)</b>
<b>Profit/(loss) before tax</b> .....	<b>36,688</b>	<b>(38,553)</b>
Income tax (expense) / income .....	(1,335)	(25,141)
<b>Profit/(loss) for the period</b> .....	<b>35,353</b>	<b>(63,694)</b>
Of which attributable to the equity holders of the Company .....	35,353	(63,694)

### Earnings per share (USD)

	<b>Year ended 31 December</b>	
	<b>2017</b> <i>(audited)</i>	<b>2016</b> <i>(audited)</i>
<i>(In USD thousands)</i>		
Basic earnings per share (USD).....	0.18	(0.32)
Diluted earnings per share (USD).....	0.18	(0.32)

- 1 Operating revenue in the Group includes reimbursed salary and personnel expenses for crews on drilling units with management agreements.
- 2 Other financial items consists of currency gains, other financial income, currency losses, gain/loss on interest rate swaps and other financial expenses.

### Operating revenue

Operating revenue for the year ended 31 December 2017 was USD 662,158 thousand compared to USD 657,392 thousand for the year ended 31 December 2016, an increase of USD 4,766 thousand or approximately 1%. The increase in operating revenue was primarily attributable to increased operating revenue in Mobile Offshore Drilling Units, partly offset by a reduction in activity in Drilling & Technology and Well Services.

#### MODU

Operating revenue for the MODU business segment for the year ended 31 December 2017 was USD 481,047 thousand compared to USD 437,905 thousand for the year ended 31 December 2016, an increase of USD 43,142 thousand, or approximately 10%. The increase in operating revenue was primarily attributable to higher utilisation of the drilling rigs. Deepsea Atlantic has been operating on the Johan Sverdrup field for Equinor and Deepsea Stavanger commenced the Maria contract for Wintershall Norway on 20 March 2017. In 2016, Deepsea Atlantic was idle during parts of the first half of the year and Deepsea Stavanger was idle for large parts of the year.

#### Well Services

Operating revenue for the Well Services business segment for the year ended 31 December 2017 was USD 96,865 thousand compared to USD 110,103 thousand for the year ended 31 December 2016, a decrease of USD 13,238 thousand, or approximately 12%. The decrease in operating revenue was primarily attributable to price pressure in the current market and a lower activity level.

#### Drilling & Technology

Operating revenue for the Drilling & Technology business segment for the year ended 31 December 2017 was USD 105,449 thousand compared to USD 131,329 thousand for the year ended 31 December 2016, a decrease of USD 25,880 thousand, or approximately 20%. The decrease in operating revenue was primarily attributable to a lower number of operated fixed installations in the platform portfolio.

### Other gains / losses

Other gains for the year ended 31 December 2017 were USD 11,215 thousand compared to USD 629 thousand for the year ended 31 December 2016, an increase of USD 10,586 thousand. The increase in other gains/losses was primarily attributable to disposal of investments in the amount of USD 9,409 thousand in joint ventures and gain of sale of other assets amounting to USD 1,806 thousand.

### Share of profit / (loss) from joint ventures

Share of profit from joint ventures for the year ended 31 December 2017 was USD 0 thousand compared to USD 20 thousand for the year ended 31 December 2016, a decrease of USD 20 thousand. The decrease in share of loss from joint ventures was primarily attributable to no operating profits from joint ventures in 2017.

### Personnel expenses

Personnel expenses for the year ended 31 December 2017 were USD 260,815 thousand compared to USD 232,561 thousand for the year ended 31 December 2016, an increase of USD 28,254 thousand or approximately 12%. The increase in personnel expenses was primarily attributable to a higher number of personnel engaged within the MODU segment.

### Depreciation, amortisation and impairment loss

Depreciation, amortisation and impairment loss for the year ended 31 December 2017 was USD 161,436 thousand compared to USD 250,722 thousand for the year ended 31 December 2016, a decrease of USD 89,286 thousand or

approximately 36%. The decrease in depreciation and impairment was primarily attributable to no impairment of assets in 2017.

### **Other operating expenses**

Other operating expenses for the year ended 31 December 2017 were USD 138,838 thousand compared to USD 140,663 thousand for the year ended 31 December 2016, a decrease of USD 1,825 thousand or approximately 1%. The decrease in other operating expenses was primarily due to a successful cost reduction programme.

### **Operating profit (EBIT)**

Operating profit (EBIT) for the year ended 31 December 2017 was USD 112,285 thousand compared to an EBIT of USD 34,094 thousand for the year ended 31 December 2016, an increase of USD 78,191 thousand or approximately 229%. The increase was primarily due to no impairment of fixed assets during 2017 compared to an impairment of USD 80,000 thousand in 2016. See the following for more information on the changes in EBITDA for each of the Group's business segments for the relevant period.

#### *MODU*

EBITDA for the MODU business segment for the for the year ended 31 December 2017 was USD 243,736 thousand compared to USD 226,399 thousand for the for the year ended 31 December 2016, an increase of USD 17,337 thousand, or approximately 8%. The increase in EBITDA was primarily attributable to a higher activity level and improved utilisation of the rigs during 2017.

#### *Well Services*

EBITDA for the Well Services business segment for the year ended 31 December 2017 was USD 31,606 thousand compared to USD 43,145 thousand for the year ended 31 December 2016, a decrease of USD 11,539 thousand, or approximately 27%. The decrease in EBITDA was primarily attributable to lower prices achieved on the delivered services and a lower activity level.

#### *Drilling & Technology*

EBITDA for the Drilling & Technology business segment for the year ended 31 December 2017 was USD 15,019 thousand compared to USD -24 thousand for the year ended 31 December 2016, an increase of USD 15,043 thousand. The increase in EBITDA was primarily attributable to increased operating margins on the platform drilling portfolio and the gain from the sale of the shares in Robotic Drilling Systems AS.

### **Share of profit / (loss) from other joint ventures**

Share of profit from other joint ventures for the year ended 31 December 2017 was USD -1,485 thousand compared to USD 1,399 thousand for the year ended 31 December 2016, a decrease of USD 2,884 thousand or approximately 206%. The decrease in share of loss from joint ventures was primarily attributable to share of costs incurred in RDS AS.

### **Interest income**

Interest income for the year ended 31 December 2017 was USD 1,535 thousand compared to USD 819 thousand for the year ended 31 December 2016, an increase of USD 716 thousand or approximately 87%.

### **Borrowing costs**

Borrowing cost for the year ended 31 December 2017 was USD 72,028 thousand compared to USD 69,055 thousand for the year ended 31 December 2016, an increase of USD 2,973 thousand or approximately 4%. The increase in borrowing costs was primarily attributable to a higher margin on refinanced long term loans.

### **Other financial items**

Other financial items for the year ended 31 December 2017 were USD 3,618 thousand compared to USD 5,810 thousand for the year ended 31 December 2016, a decrease of USD 2,192 thousand or approximately 38%. The decrease was primarily attributable to a reduction in net currency losses of USD 1,839 thousand.

### Income tax (expense) / income

Income tax expense for the year ended 31 December 2017 was USD 1,335 thousand compared to USD 25,141 thousand for the year ended 31 December 2016, a decrease of USD 23,806 thousand or approximately 95%. The decrease was primarily due to the utilisation of tax losses released by realisation of shares and in general lower payable taxes incurred in jurisdictions with ordinary corporate income taxation.

### Profit / (loss) for the period

Profit from continuing operations for the year ended 31 December 2017 was USD 35,353 thousand compared to USD -63,694 thousand for the year ended 31 December 2016, an increase of USD 99,047 thousand. The increase was primarily due to no impairment losses incurred in 2017.

#### 11.5.3 Year ended 31 December 2016 compared to the year ended 31 December 2015

##### 11.5.3.1 Income statement

The table below is extracted from the Group's Financial Statements for the year ended 31 December 2016 and compared to the year ended 31 December 2015.

	Year ended 31 December	
	2016 <i>(audited)</i>	2015 <i>restated (audited)</i>
<i>(In USD thousand)</i>		
Operating revenue <sup>1</sup> .....	657,392	926,827
<b>Total operating income</b> .....	<b>657,392</b>	<b>926,827</b>
Other gains/losses .....	629	1
Share of profit / (loss) from joint ventures .....	20	(269,186)
<b>Total other items</b> .....	<b>649</b>	<b>(269,185)</b>
Personnel expenses .....	(232,561)	(381,736)
Depreciation, amortisation and impairment loss .....	(250,722)	(320,806)
Other operating expenses .....	(140,663)	(197,423)
<b>Total operating expenses</b> .....	<b>(623 946)</b>	<b>(899 966)</b>
<b>Operating profit (EBIT)</b> .....	<b>34,094</b>	<b>(242,324)</b>
Share of profit / (loss) from other joint ventures .....	1,399	(28,405)
Interest income .....	819	1,241
Borrowing cost .....	(69,055)	(70,156)
Other financial items <sup>2</sup> .....	(5,810)	4,470
<b>Finance cost - net</b> .....	<b>(72,647)</b>	<b>(92,850)</b>
<b>Profit/(loss) before tax</b> .....	<b>(38,553)</b>	<b>(335,174)</b>
Income tax income/(expense) .....	(25,141)	15,741
<b>Profit/(loss) for the period</b> .....	<b>(63,694)</b>	<b>(319,433)</b>
Of which attributable to the equity holders of the Company .....	(63,694)	(319,433)
Basic earnings per share (USD) .....	(0.32)	(1.61)
Diluted earnings per share (USD) .....	(0.32)	(1.61)

1 Operating revenue in the Group includes reimbursed salary and personnel expenses for crews on drilling units with management agreements.

2 Other financial items consists of currency gains, other financial income, currency losses, gain/loss on interest rate swaps and other financial expenses.

**Operating revenue**

Operating revenue for the year ended 31 December 2016 was USD 657,392 thousand compared to USD 926,827 thousand for the year ended 31 December 2015, a decrease of USD 269,435 thousand or approximately 29%. The decrease in operating revenue was primarily attributable to idle periods for Deepsea Atlantic and Deepsea Stavanger in addition to reduced turnover in the other segments.

*MODU*

Operating revenue for the MODU business segment for the year ended 31 December 2016 was USD 437,905 thousand compared to USD 620,625 thousand for the year ended 31 December 2015, a decrease of USD 182,720 thousand, or approximately 29%. The decrease in operating revenue was primarily attributable to lower revenue mainly explained by Deepsea Stavanger being idle for large parts of 2016 and a lower revenue for Deepsea Atlantic in 2016 compared to 2015. This was partly offset by full operations in 2016 for Deepsea Aberdeen after its commencement during Q2 2015, and improved performance by Deepsea Bergen in 2016 due to the yard-stay in 2015.

*Well Services*

Operating revenue for the Well Services business segment for the year ended 31 December 2016 was USD 110,103 thousand compared to USD 138,395 thousand for the year ended 31 December 2015, a decrease of USD 28,292 thousand, or approximately 20%. The decrease in operating revenue was primarily attributable to lower activity levels in all markets. Lower activity within the Well Services area led to lower utilisation of equipment and general price pressure in all service product lines.

*Drilling & Technology*

Operating revenue for the Drilling & Technology business segment for the year ended 31 December 2016 was USD 131,329 thousand compared to USD 197,284 thousand for the year ended 31 December 2015, a decrease of USD 65,955 thousand, or approximately 33%. The decrease in operating revenue was primarily attributable to a reduction in the number of operated platforms and the reduction of engineering services during the period.

**Other gains / losses**

Other gains for the year ended 31 December 2016 were USD 629 thousand compared to USD 1 thousand for the year ended 31 December 2015, an increase of USD 628 thousand. The increase in other gains/losses was primarily attributable to a realised gain by sale of fixed assets within Odfjell Well Services.

**Share of profit from joint ventures**

Share of profit from joint ventures for the year ended 31 December 2016 was USD 20 thousand compared to USD -269,186 thousand for the year ended 31 December 2015, an increase of USD 269,206 thousand. The increase in share of profit from joint ventures was primarily attributable to no impairment of joint venture investment in 2016.

**Personnel expenses**

Personnel expenses for the year ended 31 December 2016 were USD 232,561 thousand compared to USD 381,736 thousand for the year ended 31 December 2015, a decrease of USD 149,175 thousand or approximately 39%. The decrease in personnel expenses was primarily attributable to reduced activity level due to idle periods for drilling units as for the other segments.

**Depreciation, amortisation and impairment loss**

Depreciation, amortisation and impairment loss for the year ended 31 December 2016 was USD 250,722 thousand compared to USD 320,806 thousand for the year ended 31 December 2015, a decrease of USD 70,084 thousand or approximately 22%. The decrease in depreciation, amortisation and impairment loss was primarily attributable to a material impairment write off related to Deepsea Atlantic and Deepsea Stavanger of USD 158,500 thousand in 2015. In 2016 a further impairment of the same drilling units of USD 80,000 thousands explains the decrease compared to 2015.

**Other operating expenses**

Other operating expenses for the year ended 31 December 2016 were USD 140,663 thousand compared to USD 197,423 thousand for the year ended 31 December 2015, a decrease of USD 56,760 thousand or approximately 29%. The decrease in other operating expenses was primarily due to a general lower activity level.

**Operating profit (EBIT)**

Operating profit (EBIT) for the year ended 31 December 2016 was USD 34,094 thousand compared to USD -242,324 thousand for the year ended 31 December 2015, an increase of USD 276,418 thousand. The increase was primarily due to lower impairment of assets in 2016 compared to the restated 2015 figures. See the following for more information on the changes in EBITDA for each of the Group's business segments for the relevant period.

*MODU*

EBITDA for the MODU business segment for the year ended 31 December 2016 was USD 226,399 thousand compared to USD 300,460 thousand for the year ended 31 December 2015, a decrease of USD 74,061 thousand, or approximately 25%. The decrease in EBITDA was primarily attributable to Deepsea Atlantic and Deepsea Stavanger being idle in major parts of 2016.

*Well Services*

EBITDA for the Well Services business segment for the year ended 31 December 2016 was USD 43,145 thousand compared to USD 54,774 thousand for the year ended 31 December 2015, a decrease of USD 11,629 thousand, or approximately 21%. The decrease in EBITDA was primarily attributable to a lower activity level and general price pressure in the segment.

*Drilling & Technology*

EBITDA for the Drilling & Technology business segment for the year ended 31 December 2016 was USD -24 thousand compared to USD 4,423 thousand for the year ended 31 December 2015, a decrease of USD 4,447 thousand. The decrease in EBITDA was primarily attributable to reduction in the number of operated platforms and the reduction of engineering services during the period.

**Share of profit from other joint ventures**

Share of profit from other joint ventures for the year ended 31 December 2016 was USD 1,399 thousand compared to USD -28,405 thousand for the year ended 31 December 2015, an increase of USD 29,804 thousand. The share of profit from joint ventures was primarily attributable to the positive performance of Robotic Drilling Systems AS.

**Interest income**

Interest income for the year ended 31 December 2016 was USD 819 thousand compared to USD 1,241 thousand for the year ended 31 December 2015, a decrease of USD 422 thousand or approximately 34%.

**Borrowing cost**

Borrowing cost for the year ended 31 December 2016 was USD 69,055 thousand compared to USD 70,156 thousand for the year ended 31 December 2015, a decrease of USD 1,101 thousand or approximately 2%. The decrease in borrowing cost was primarily attributable to net reduction in interest expenses related to borrowing facilities.

**Other financial items**

Other financial items for the year ended 31 December 2016 were USD -5,810 thousand compared to USD 4,470 thousand for the year ended 31 December 2015, a decrease of USD 10,280 thousand. The decrease was primarily attributable to currency fluctuations and limited positive contributions from changes in value of market-based derivatives compared to 2015.

**Income tax (expense) / income**

Income tax (expense) / income for the year ended 31 December 2016 was USD -25,141 thousand compared to USD 15,741 thousand for the year ended 31 December 2015, a decrease of USD 40,882 thousand. The decrease was primarily due to a tax income in 2015 explained by the positive verdict of the Norwegian Supreme court, worth USD 46 million.

**Profit / (loss) for the period**

Loss from continuing operations for the year ended 31 December 2016 was USD 63,694 thousand compared to USD 319,433 thousand for the year ended 31 December 2015, a decrease of USD 255,739 thousand or approximately 80%. The decrease was primarily due to reduction in impairment losses on rigs and investments in 2016 compared to 2015.



## 11.6 Liquidity and capital resources

### 11.6.1 Sources and use of cash

The Group's principal sources of liquidity are cash flow from operations and borrowings under its bank facilities. See Section 11.7.1 "Material borrowings". The Group uses cash primarily for investments in drilling units and well services equipment and otherwise to fund its operations as well as to service its long-term debt obligations. As the functional currency of the Group is USD, the Group's policy is that the majority of its surplus cash shall be held in USD, but the Group deviates from this policy from time to time.

The primary objective of the Group's capital management policy is to ensure that the Group maintains capital ratios and adequate liquidity within such parameters that would enable the Group to take advantage of investment opportunities and generally support the business. The Group manages its capital structure with an aim to make it sufficiently robust to withstand prolonged adverse conditions in financial markets and ensure that the Group is positioned to comply with covenants under the terms of its interest-bearing debt. The Group continually evaluates its cash position, available financing, working capital requirements and expected capital expenditures and makes adjustments to its capital structure in order to maintain an optimal structure adapted to current economic conditions.

The table below sets forth the total assets and total liabilities for the Group for the three months' periods ended 31 March 2018 and 2017 and the years ended 31 December 2017, 2016 and 2015 and is extracted from the Financial Information, for each of the financial periods presented.

	As of 31 March		As of 31 December		
	2018	2017	2017	2016	2015
<i>(In USD thousands)</i>					<i>restated</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total non-current assets.....	1,787,295	1,925,590	1,819,365	1,957,000	2,188,726
Total current assets.....	341,623	309,517	318,863	306,591	428,120
<b>Total assets</b> .....	<b>2,128,918</b>	<b>2,235,107</b>	<b>2,138,228</b>	<b>2,263,592</b>	<b>2,616,846</b>
Total non-current liabilities.....	1,081,979	1,205,488	1,099,519	1,227,358	925,116
Total current liabilities.....	277,904	313,516	271,652	314,148	900,206
Total liabilities.....	1,359,882	1,519,004	1,371,171	1,541,506	1,825,322
<b>Total equity and liabilities</b> .....	<b>2,128,918</b>	<b>2,235,107</b>	<b>2,138,228</b>	<b>2,263,592</b>	<b>2,616,846</b>

### Three months ended 31 March 2018 compared to three months ended 31 March 2017

The Group's total assets decreased by USD 106,189 thousand from USD 2,235,107 thousand for the three months' period ended 31 March 2017, to USD 2,128,918 thousand for the three months' period ended 31 March 2018, primarily as a result of depreciation of property, plant and equipment.

The Group's total liabilities decreased by USD 159,122 thousand from USD 1,519,004 thousand for the three months' period ended 31 March 2017, to USD 1,359,882 thousand for the three months' period ended 31 March 2018, primarily as a result of repayment of interest-bearing debt.

### Year ended 31 December 2017 compared to the year ended 31 December 2016

The Group's total assets decreased by USD 125,364 thousand from USD 2,263,592 thousand as of 31 December 2016, to USD 2,138,228 thousand as of 31 December 2017, primarily as a result of depreciation.

The Group's total liabilities decreased by USD 170,335 thousand from USD 1,541,506 thousand as of 31 December 2016, to USD 1,371,171 thousand as of 31 December 2017, primarily as a result of repayment of interest-bearing debt.

### Year ended 31 December 2016 compared to the year ended 31 December 2015

The Group's total assets decreased by USD 353,254 thousand from USD 2,616,846 thousand as of 31 December 2015 to USD 2,263,592 thousand as of 31 December 2016, primarily as a result of depreciation and impairment of property, plant and equipment and reduced accounts receivable due to lower income level.

The Group's total liabilities decreased by USD 283,816 thousand from USD 1,825,322 thousand as of 31 December 2015 to USD 1,541,506 thousand as of 31 December 2016, primarily as a result of repayment of interest-bearing debt, reduced pension liabilities and other current liabilities.

#### 11.6.2 Cash flows

The following table summarises the Group's historical cash flows, and is extracted from the Financial Information, for each of the financial periods presented:

	Three months ended		Year ended		
	31 March		31 December		
	2018	2017	2017	2016	2015
(In USD million)					<i>restated</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Net cash from/(used in) operating activities .....	43.1	27.5	165.8	198.7	270.9
Net cash from/(used in) investing activities .....	(5.4)	(9.5)	(0.8)	(21.8)	(147.8)
Net cash from/(used in) financing activities .....	(12.5)	(26.5)	(184.2)	(193.8)	(114.6)
<b>Net cash and cash equivalents at end of period ..</b>	<b>194.0</b>	<b>173.8</b>	<b>166.0</b>	<b>181.6</b>	<b>201.6</b>

#### 11.6.3 Cash flows from/(used in) operating activities

##### Three months ended 31 March 2018 compared to three months ended 31 March 2017

Net cash inflow from operating activities for the three months ended 31 March 2018 was USD 43.1 million compared to USD 27.5 million for the three months ended 31 March 2017, an increase of USD 15.6 million or approximately 57%. The increase was primarily attributable to reduced payment of taxes of USD 9 million and reduction in working capital of USD 4 million.

##### Year ended 31 December 2017 compared to the year ended 31 December 2016

Net cash inflow from operating activities for the year ended 31 December 2017 was USD 165.8 million compared to USD 198.7 million for the year ended 31 December 2016, a decrease of USD 32.9 million or approximately 17%. The decrease was primarily attributable to received refund of taxes in 2016 of USD 31 million as a consequence of a positive verdict in a Supreme Court tax case.

##### Year ended 31 December 2016 compared to the year ended 31 December 2015

Net cash inflow from operating activities for the year ended 31 December 2016 was USD 198.7 million compared to USD 270.9 million for the year ended 31 December 2015, decrease of USD 72.2 million or approximately 27%. The decrease was primarily attributable to lower revenues due to reduced day rates and a lower utilisation of assets.

#### 11.6.4 Cash flows from / (used in) investing activities

##### Three months ended 31 March 2018 compared to the three months ended 31 March 2017

Net cash outflow from investing activities for the three months ended 31 March 2018 was USD 5.4 million compared to USD 9.5 million for the three months ended 31 March 2017, a decrease of USD 4.1 million, or approximately 43%. The decrease was primarily attributable to reduced purchase of fixed assets.

##### Year ended 31 December 2017 compared to the year ended 31 December 2016

Net cash outflow from investing activities for the year ended 31 December 2017 was USD 0.8 million compared to USD 21.8 million for the year ended 31 December 2016, a decrease of USD 21 million, or approximately 96%. The low number in 2017 was a result of net capital expenditures related to drilling units and fixed assets in general of USD 27.3 million offset by cash inflow from the sale of shares in Robotic Drilling Systems AS (USD 18.1 million), as well as settlement of an investment in Golden Close Maritime Corporation Ltd. (USD 8.4 million).

##### Year ended 31 December 2016 compared to the year ended 31 December 2015

Net cash outflow from investing activities for the year ended 31 December 2016 was USD 21.8 million compared to USD 147.8 million for the year ended 31 December 2015, a decrease of USD 126 million or approximately 85%. The Group's key investment activities in 2015 were SPS projects for DSA and DSS and completion of DAB from yard in Korea.

### 11.6.5 Cash flows from / (used in) financing activities

#### Three months ended 31 March 2018 compared to the three months ended 31 March 2017

Net cash outflow from financing activities for the three months ended 31 March 2018 was USD 12.5 million compared to USD 26.5 million for the three months ended 31 March 2017, a decrease of USD 14 million, or approximately 53%. The decrease was attributable to the amendment and extension of the Odfjell Rig II Ltd. facility.

#### Year ended 31 December 2017 compared to the year ended 31 December 2016

Net cash outflow from financing activities for the year ended 31 December 2017 was USD 184.2 million compared to a net cash outflow of USD 193.8 million for the year ended 31 December 2016, a decrease of NOK 9.6 million or approximately 5%. The Group's net cash outflow from financing activities for 2017 primarily reflected the payment of scheduled instalments of USD 183.5 million, of which USD 48 million were made under the Odfjell Rig III Ltd. facility, USD 50 million under the Odfjell Invest Ltd. facility, USD 40 million under the Odfjell Drilling Services Ltd facility and USD 45.5 million under the Odfjell Rig II Ltd., all as described below in Section 11.7.1 "Material borrowings". Financing activities resulted in a net cash outflow of USD 193.7 million in 2016 due to scheduled repayments under the Group's loan agreements. In 2016, the USD 950 million Odfjell Invest Ltd. facility was refinanced and replaced by a new USD 525 million facility, matching the then outstanding amount under the USD 950 million facility. The Group paid no dividends in 2017 and 2016.

#### Year ended 31 December 2016 compared to year ended 31 December 2015

Net cash outflow from financing activities for the year ended 31 December 2016 was USD 193.8 million compared to USD 114.6 million for the year ended 31 December 2015, an increase of USD 79.2 million or approximately 69%. The increase was primarily attributable to a new loan raised in 2015 of USD 110 million offset by decreased instalments in 2016.

### 11.6.6 Certain key ratios

The Group's equity ratio and leverage ratio for the periods covered by the Financial Information, which the Company considers to be relevant ratios for its type of business, is set out in the table below.

The equity ratio is defined as the Group's total equity divided by its total assets, while the leverage ratio is defined as the Group's net interest bearing debt to EBITDA.

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
Equity ratio.....	36.1%	32.0%	35.9%	31.9%	30.2%
Leverage ratio.....	3.7 <sup>1</sup>	4.1 <sup>1</sup>	3.9	4.3	4.0 <sup>2</sup>

1 Leverage ratio as per 31 March 2018 and 2017 are based on EBITDA last twelve months.

2 Leverage ratio for 2015 is adjusted for the writedown of the investment in Deep Sea Metro Ltd., in total USD 269 million.

## 11.7 Borrowings and contractual obligations

### 11.7.1 Material borrowings

The table below gives an overview of the Group's material borrowing facilities:

Facility (In USD million)	Total Facility	Utilised Facility	Unutilised Facility	Interest Rate	Maturity Date
Odfjell Drilling Services Ltd. – USD 450 million Senior Secured Credit Facility Agreement.....	450.00	450.00	-	LIBOR+3.50%	9 May 2019
Odfjell Invest Ltd. – USD 525 million Senior Secured Term Loan Facility Agreement.....	525.00	525.00	-	LIBOR+4.15%	23 Sep 2019
Odfjell Rig II Ltd. – USD 270 million Senior Secured Term Loan Facility Agreement.....	270.00	270.00	-	LIBOR+3.95%	30 Sep 2020
Odfjell Rig III Ltd. – USD 530 million Senior Secured Term Loan Facility Agreement.....	530.00	530.00	-	Commercial and Kexim tranches:	5 Nov 2021

<b>Facility</b> <i>(In USD million)</i>	<b>Total Facility</b>	<b>Utilised Facility</b>	<b>Unutilised Facility</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
				LIBOR+3.40%	
				GIEK tranche: fixed 4.08%	
				LIBOR+3.75%, reducing to LIBOR+3.50%	
				3 months after commencement of drilling contract	5 years after drawdown
Odfjell Rig V Ltd – USD 325 million Senior Secured Term Loan Facility Agreement <sup>1</sup> .....	325.00	-	325.00		
Odfjell Rig V Ltd – USD 48.25 million Seller’s Credit from Samsung/SHI .....	48.25	-	48.25	LIBOR+2.00%	5 years after delivery
<b>Total</b> .....	<b>1,548.25</b>	<b>1,175.00</b>	<b>373.25</b>	-	-

<sup>1</sup> Odfjell Rig V Ltd. has agreed the main terms of a new senior secured credit facility of USD 325 million with certain lenders. Neither of the parties have made any commitments with regard to this facility as at the date of this Prospectus, and the agreement is therefore subject to the final details being agreed upon and commitments being made.

### Financial covenants applicable to the Group

The Group has agreed to maintain, at all times, a minimum free liquidity (cash and cash equivalents) requirement of USD 50 million and a total liquidity of minimum 5% of interest bearing debt (on a consolidated basis). If the Group 12 months prior to delivery of any investments in excess of USD 100 million has any unfinanced capital expenditure related to such investment, the minimum free liquidity requirement will increase to USD 100 million. In the event the total liquidity of the Group falls below a threshold of USD 100 million, the Group shall present a plan within 14 days for raising a minimum of USD 50 million in new equity within three months of presenting such plan. Furthermore, the Group has agreed to maintain an equity ratio (equity to total assets) of minimum 30% and a book equity of at least USD 600 million at all times to maintain a leverage ratio (net interest bearing debt to EBITDA) not exceeding 5.50:1.00 until and including 31 December 2017 and thereafter not exceeding 5.00:1.00. EBITDA and interest bearing debt related to a newbuilding (drilling rig/vessel) shall be disregarded until the first full month after the earlier of (i) six (6) months after commencement of a firm employment contract for such newbuild and (ii) twelve (12) months from the contractual delivery date (within the yard's delivery window) for such unit. Thereafter, actual EBITDA shall be annualised until a full twelve month earnings history related to that newbuild has been achieved. The ratio of current assets to current liabilities shall at all times be a minimum of 1.00:1.00.

### Odfjell Drilling Services Ltd. – USD 450 million facility

Odfjell Drilling Services Ltd. is the borrower under a USD 450 million syndicated credit facility agreement dated 6 May 2014. The facility is divided into a USD 300 million senior secured term loan credit facility and a USD 150 million senior secured revolving credit facility. The term loan facility was fully drawn by Odfjell Drilling Services Ltd. in one drawing on 9 May 2014. As of 31 March 2018, the revolving credit facility is still fully drawn.

Repayment of the term loan facility is made in semi-annual instalments of USD 20 million with repayment in full of both facilities on the final maturity date of 9 May 2019.

Interest is payable at a rate per annum of LIBOR plus 3.50%.

The facility amount shall be repayable in full or in part if certain events occur, including a change of control of the Company and/or Odfjell Rig Owning Ltd., or if any company or assets, worth over certain significant thresholds, of Odfjell Drilling Services Ltd. or its subsidiaries are sold (or insurance proceeds of a material amount are received) and the proceeds are not reinvested in activities, assets or companies within the defined strategy of the Odfjell Drilling Services group within 12 months following the receipt of such proceeds.

The Company and certain of its subsidiaries are guarantors under the facility agreement and substantially all of the assets (including Well Services equipment) of Odfjell Drilling Services Ltd. and its subsidiaries have been pledged in favour of the lenders. In addition, the Company has pledged 100% of the shares in Odfjell Drilling Services Ltd., Odfjell Rig Owning Ltd., Odfjell Global Business Services AS and Odfjell Offshore Ltd., and Odfjell Rig Owning Ltd. has pledged all its shares in Odfjell Drilling AS.

In addition to the financial covenants applicable to the Group, as described above, there are certain financial covenants applicable on Odfjell Drilling Services group level, such as minimum liquidity, minimum equity ratio and debt service coverage ratio, the latter of which has been waived until and including 31 December 2018.

The facility agreement allows the Company to distribute dividends in an amount up to 50% of its net income (adjusted for any write downs of rigs and after taxes paid) in its previous financial year. Regardless of this restriction, however pending final documentation, the lenders have accepted that cash dividends may be paid on the Preference Shares. The facility agreement provides for mandatory prepayment if Helene Odfjell (and her descendants) cease to own at least 50.1% of the shares in the Company. The facility agreement otherwise contains undertakings and covenants which the Company considers to be customary for similar types of bank financings, including, but not limited to, undertakings related to reporting and information and certain restrictions on corporate actions and change of business. Further, the facility agreement also contains default and cross-default provisions, all applicable to the Group. However, the cross-default provision is only applicable to the default of any member of the Group on indebtedness of more than USD 5 million.

#### **Odfjell Invest Ltd. – USD 525 million facility**

Odfjell Invest Ltd. is the borrower under a USD 525 million syndicated credit facility agreement dated 23 September 2016.

The principal is payable in quarterly instalments of USD 12.5 million and in a balloon repayment of USD 387.5 million together with all other sums due and outstanding on the final maturity date of 23 September 2019. If the Odfjell Drilling Services Ltd. facility has not been refinanced or extended 6 months prior to its final maturity date being 9 May 2019 with a new final maturity date falling after 23 September 2019, the Odfjell Invest Ltd. facility shall mature 3 months prior to the final maturity date of the Odfjell Drilling Services Ltd. facility.

Interest is payable at the rate per annum of LIBOR plus 4.15%.

The facility agreement provides for mandatory prepayment if Helene Odfjell (and her descendants) cease to own at least 50.1% of the shares in Odfjell Drilling Ltd. The facility agreement contains undertakings and covenants, as well as terms and conditions which are considered to be customary for similar types of bank financing in the current market, including, but not limited to, undertakings related to reporting and information, certain restrictions on corporate actions and change of business and covenants relating to the operation and maintenance of Deepsea Stavanger and Deepsea Atlantic.

As security for the loan, all of the shares and substantially all of the assets of Odfjell Invest Ltd. and its subsidiaries have been pledged in favour of the lenders, including mortgages over Deepsea Atlantic and Deepsea Stavanger. The Company and certain of its subsidiaries have guaranteed the obligors' obligations under the finance documents.

There shall be no dividends declared without the prior written consent of the majority lenders. Regardless of this restriction, however pending final documentation, the lenders have accepted that cash dividends may be paid on the Preference Shares. The facility agreement further contains default and cross-default provisions, all applicable to Odfjell Invest Ltd., and its subsidiaries, and in some cases the Group. The cross-default provision is only applicable to the Group in relation to a default on indebtedness of more than USD 5 million.

#### **Odfjell Rig II Ltd. – USD 270 million senior secured term loan facility**

Odfjell Rig II Ltd. is the borrower under a USD 270 million senior secured term loan facility originally dated 15 February 2013. The facility was later amended and extended by an agreement dated 28 August 2017.

The facility matures 30 September 2020, however, the lenders can exercise a termination option first time on 28 August 2018 and on successive three-month intervals thereafter if the borrower cannot document a firm contract backlog for Deepsea Bergen which covers scheduled instalments for the upcoming six months (less additional cash deposited as security). There is also a mandatory prepayment under the Odfjell Rig II Ltd. facility if the Odfjell Drilling Services Ltd. facility and the Odfjell Invest Ltd. facility are not refinanced.

The rate of interest per annum is LIBOR plus 3.95%. The facility amount is repayable in full or in part if certain events occur, including, but not limited to, certain change of control situations in the Group or if Deepsea Bergen is sold or totally lost.

All of the shares in and substantially all of the assets of Odfjell Rig II Ltd. have been pledged in favour of the lenders, including a mortgage over Deepsea Bergen. Also, a cash collateral has been established as security and was USD 21.5 million at year-end 2017 but will be reduced with USD 6 million when Deepsea Bergen has at least a 12 months firm contract backlog. The cash collateral will be further reduced quarterly from the first quarter of 2019. The Company and Odfjell Rig Owning Ltd. have guaranteed the obligors' obligations under the finance documents.

Distribution of dividends by the Company is subject to the prior written approval by the majority lenders. Regardless of this restriction, however pending final documentation, the lenders have accepted that cash dividends may be paid on the Preference Shares. The facility agreement otherwise contains undertakings and covenants, and terms and conditions which the Company considers to be customary for similar types of bank financing, including, but not limited to, undertakings related to reporting and information, certain restrictions on corporate actions and change of business and covenants relating to the operation and maintenance of Deepsea Bergen. Furthermore, the facility agreement contains default and cross-default provisions, all applicable to the Group. However, the cross-default provision is only applicable to the default of any member of the Group on indebtedness of more than USD 5 million.

### **Odfjell Rig III Ltd. – USD 530 million senior secured term loan facilities**

Odfjell Rig III Ltd. is the borrower under a USD 530 million senior secured term facility agreement dated 7 May 2013. The facilities comprise a seven year commercial facility initially of USD 130 million (the "**Commercial Tranche**"), a 10-year export credit facility by the Export-Import Bank of Korea initially of USD 200 million (the "**Kexim Tranche**") and a 10-year export credit facility by Eksportkreditt and GIEK initially of USD 200 million (the "**GIEK Tranche**").

Each facility was drawn at delivery of Deepsea Aberdeen. The Commercial Tranche matures on 5 November 2021, while the Kexim Tranche and the GIEK Tranche matures on 31 July 2024. If by the date falling 90 days prior to the maturity date of the Commercial Tranche, the commercial facility has not been extended or otherwise refinanced on terms acceptable to the export credit lenders, then the export credit lenders may terminate the export credit facilities on the same date as the commercial facility.

The interest rate per annum for the Commercial Tranche and the Kexim Tranche is LIBOR plus a margin of 3.40%. The rate of interest for the GIEK Tranche is a combination of commercial interest reference rate (CIRR) to Eksportkreditt Norge AS and a guarantee commission to GIEK, in total fixed at 4.08%.

The facilities shall be prepaid in full or in part if certain events occur, including, but not limited to, a change of control of the Company or if Deepsea Aberdeen is sold or totally lost.

As security for the facilities substantially all of the shares in and assets of Odfjell Rig III Ltd. and Odfjell Drilling Shetland Limited has been pledged in favour of the lenders and hedging banks, including a mortgage of Deepsea Aberdeen. Also, the Company and certain of its subsidiaries have guaranteed the obligors' obligations under the finance documents.

Distribution of dividends by the Company is limited to a maximum of 50% of net income for each calendar year, subject to the prior written approval of Kexim and GIEK. Regardless of this restriction, however pending final documentation, the lenders have accepted that cash dividends may be paid on the Preference Shares. The facility agreement also provides for mandatory prepayment if Helene Odfjell (and her descendants) cease to own at least 50.1% of the shares in the Company.

The facility agreement contains undertakings and covenants, and terms and conditions which the Company considers to be customary for similar types of bank financings, including, but not limited to, undertakings related to reporting and information, certain restrictions on corporate actions and change of business and covenants relating to the operation and maintenance of Deepsea Aberdeen. Furthermore, the Facility Agreement also contains default and cross-default provisions, all applicable to Odfjell Rig III Ltd. and the Group.

### **Odfjell Rig V Ltd. – USD 325 million bank facility**

Odfjell Rig V Ltd. has agreed the main terms of a new senior secured credit facility of USD 325 million with certain lenders. At the date of this Prospectus, the final full commitments for the facility amount is pending the credit approval process of the lenders.

**Odfjell Rig V Ltd. – USD 48.25 million Seller's Credit**

As described in Section 8.6.1.3 "Mobile Offshore Drilling Units - Key contracts", Odfjell Rig V Ltd. has agreed that a part of the contract price under the Construction Contract with SHI will be financed by way of the Seller's Credit of USD 48.25 million from SHI. The Seller's Credit will mature 5 years from delivery of Deepsea Nordkapp. Interest of LIBOR plus 2.00% will accrue to the Seller's Credit each year, and all accrued interest will be payable at final maturity of the Seller's Credit. The Seller's Credit is guaranteed by Odfjell Rig Owning Ltd., a direct subsidiary of the Company.

**11.7.2 Contractual obligations**

The following table presents the maturity profile of the Group's loan facilities as at 31 March 2018. Please see note 12 to the Financial Statements for the year ended 31 December 2017 for further information on the repayment schedule for the Group's loan facilities, including interest payments. The Group expects to finance the repayment of its loan facilities from cash generated from the Group's operations and additional refinancing.

(In USD million)	Outstanding as at 31 March 2018	Instalments due				
		2018	2019	2020	2021	Thereafter
Odfjell Drilling Services Ltd. – USD 450 million Senior Secured Credit Facility Agreement.....	310	40.0	270.0	-	-	-
Odfjell Invest Ltd. – USD 525 million Senior Secured Term Loan Facility Agreement.....	462.5	37.5	425.0	-	-	-
Odfjell Rig II Ltd. – USD 270 million Senior Secured Term Loan Facility Agreement.....	62.5	7.0	28.0	27.5	-	-
Odfjell Rig III Ltd. – USD 530 million Senior Secured Term Loan Facility Agreement.....	392.0	51.0	52.0	52.0	237.0	-
Odfjell Rig V Ltd – USD 325 million Senior Secured Term Loan Facility Agreement <sup>1</sup> .....	0	-	8.6	34.2	34.2	248.0
Odfjell Rig V Ltd – USD 48.25 million Seller's Credit from SHI <sup>2</sup> .....	0	-	-	-	-	48.3

1 Odfjell Rig V Ltd. has agreed the main terms of a new senior secured credit facility of USD 325 million with certain lenders. Neither of the parties have made any commitments with regard to this facility as at the date of this Prospectus, and the agreement is therefore subject to the final details being agreed upon and commitments being made. The preliminary maturity profile shown above for this facility is based on delivery of Deepsea Nordkapp in the first quarter 2019 and acceptable contract(s) being in place for four years.

2 Interest of LIBOR+2.00% p.a. which shall accrue on the Seller's Credit and be payable at maturity is not included in the figure above.

**11.7.3 Major historical capital expenditures and investments**

The following table sets out the Group's major capital expenditures for the years ended 31 December 2017, 2016 and 2015. Information regarding future capital commitments and capital expenditures and investments made after 31 December 2017 is set out below in Section 11.7.4 "Future investments", where the Group's investment in Deepsea Nordkapp is further described. Other than this, the Group has not had any major historical capital expenditures for the period covered by the Financial Information and up to the date of the registration document

(In USD thousands)	Year ended 31 December		
	2017	2016	2015
Drilling units .....	23,483 <sup>1</sup>	21,799 <sup>3</sup>	122,250 <sup>5</sup>
Well Services <sup>2</sup> .....	4,672	8,243 <sup>4</sup>	18,407 <sup>6</sup>
Other.....	247	115	2,002
<b>Total</b> .....	<b>28,401</b>	<b>30,157</b>	<b>142,659</b>

1 Approximately 70% of the investment was related to Deepsea Stavanger and the preparation for winterisation and for secured drilling contracts. The remaining parts of the investment relate to general capital expenditures and minor modifications on Deepsea Aberdeen and Deepsea Bergen.

2 Investment in Well Services equipment is limited to requirements in contracts. A minor part of the annual investments is work shop related modifications.

	Year ended 31 December		
	2017	2016	2015
<i>(In USD thousands)</i>			
3	More than 50% of the drilling investment was related to modifications and periodic survey for Deepsea Stavanger, which was idle for a major part of 2016. The remaining amounts of the investment relates to general capital expenditures and minor modifications on the drilling units.		
4	Limited investment in Well Services equipment due to lower market demand.		
5	USD 40 mill is related to completion of the Deepsea Aberdeen building project. Deepsea Atlantic and Deepsea Bergen passed their five years' classification in 2015 and a total of USD 76 mill was capitalised as periodic survey.		
6	Well Service investment was on a higher level in 2015 than in later years.		

#### 11.7.4 Future investments

##### 11.7.4.1 Future capital commitments

As of 31 March 2018, the Group had total committed capital expenditures of USD 8,968 million.

The table below sets out the Group's capital expenditure contracted for but not yet incurred as at 31 March 2018:

<i>(In USD thousands)</i>	As at 31 March 2018
Drilling units .....	5,041 <sup>1</sup>
Well Services Rental Equipment, due in 1 year.....	3,926 <sup>2</sup>
<b>Total</b> .....	<b>8,968</b>

<sup>1</sup> Related to modifications of Deepsea Stavanger preparing it for the drilling contract for Total in South Africa. Total is liable for funding the investments.

<sup>2</sup> Investment in Well Services equipment is mainly limited to requirements in contracts. Funded by the Company's cash balance.

In addition to the above, the Company has, at the date of this Prospectus, USD 370 million of remaining new building commitments related to the acquisition of Deepsea Nordkapp, including additional enhancing investments, spare parts, financing costs until commencement of operations, operational preparations, mobilisation and other project costs. Please see Section 8.6.1.3 "Key contracts" for more information regarding the construction and purchase contract for Deepsea Nordkapp. A majority of these commitments are expected to fall due at the latest within the end of 2019. The commitments are intended to be financed by (i) a contemplated USD 325 million loan facility (as described in Section 11.7.1 "Material borrowings"), (ii) the proceeds from the issue of the Preference Shares, (iii) parts of the proceeds from the Private Placement and (iv) the Seller's Credit (as described in Section 11.7.1 "Material borrowings").

##### 11.7.4.2 Future operating lease commitments

The Group leases various offices under operating lease arrangements. The length of the lease terms under these arrangements are between 1 and 13 years, and the majority of the lease arrangements are renewable at the end of the lease period at market rates. The Group uses cash flow from operations to finance the lease agreements.

In addition, the Group has operating lease commitments related to equipment etc. with lease terms of between 1 and 5 years.

The table below sets out the future aggregate minimum lease payments under operating leases divided into leases falling due (i) no later than one year, (ii) later than one year but no later than five years and (iii) later than five years, respectively, after 31 March 2018:

<i>(In USD thousands)</i>	As at 31 March 2018
No later than one year .....	8,345
Later than one year and no later than five years.....	23,070
Later than five years .....	35,177
<b>Total</b> .....	<b>66, 592</b>



#### 11.7.4.3 Off-balance sheet arrangements

In Q1 2018, the Group entered into an agreement for a supply chain finance programme with Citi Bank Europe Plc ("**Citi**") and Equinor, whereas all receivables due from Equinor to the participating Group companies are automatically sold to Citi as soon as the underlying invoices are finally approved by Equinor. This allows the Group to receive cash settlement of its Equinor receivables one calendar month earlier than what would otherwise be the case. Citi, as purchaser of the invoices, does not have the right of recourse against any of the Group Companies, as Citi's credit risk is against Equinor. Due to Equinor's credit rating, this limits the discount carried by the Group under the programme. The Group can at any time withdraw its participation from the supply chain finance programme.

### 11.8 Quantitative and qualitative disclosures about market risk

Risk management is carried out on a Group level. The Group identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board of Directors has established written principles for risk management of foreign exchange risk, interest rate risk and use of derivative financial instruments.

#### 11.8.1 Market risk

Market risk is the risk of change in market prices and demand, hereunder changes in currency exchange rates and interest levels.

#### 11.8.2 Foreign exchange risk

The consolidated subsidiaries' reporting and functional currency are USD, NOK and EUR.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and NOK. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to risks due to fluctuations in exchange rates, especially as charter contracts are normally in USD while most of the operating expenses are in local currency.

### 11.9 Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations at floating interest rates. The Group evaluates the share of interest rate hedging based on an assessment of the Group's total interest rate risk and currently has a combination of fixed and floating interest rates in order to reduce the exposure.

As at 31 March 2018, approximately 83% of the Group's outstanding interest-bearing borrowings were exposed to changes in market interest rates. The Group monitors its interest rate exposure on a dynamic basis and calculates the impact on profit and loss of a defined interest rate shift.

The result of the calculation on sensitivities is the following expected values:

If interest rates were increased by 1%, the effect would be an increase in borrowing costs of approximately USD 10.8 million for 2017, compared to USD 11.4 million in 2016, taking into account interest rate swaps and fixed rate borrowings.

Average interest rate for 2017 was 4.8% compared to 3.9% for 2016, the increase being due to higher market interest rate (LIBOR) and increased margins on some of the Group's loan facilities.

#### 11.10 Critical accounting policies and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. These estimates are based on the actual underlying business, its present and forecasted profitability over time, and expectations about external factors such as interest rates, foreign exchange rates and other factors which are outside the Group's control. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 11.10.1 Revenue

The Group's revenues are derived from day rate based drilling contracts, management drilling contracts and other service contracts. Day rate based drilling contracts may include lump sum fees for mobilisation and demobilisation.

Both day rate based and lump sum fee revenues are recognised rateably over the contract period when services are rendered.

### 11.10.2 Income tax

The Group is subject to income tax in many jurisdictions. Various tax systems have required some use of judgement for certain countries in determining income tax for all countries taken together in the Financial Statements. The final tax liability for some transactions and calculations will be uncertain.

The Group recognises tax liabilities associated with future decisions in tax cases/disputes, based on estimates of the likelihood that additional income tax will fall due.

Should the final outcome of these cases vary from the amount of the original provision, this variance will affect the stated tax expense and provision for deferred tax in the period when the final outcome is determined.

### 11.10.3 Impairment of non-financial assets

Assets that have an indefinite useful life, i.e. goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation, i.e. mobile offshore drilling units, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

If available, estimated fair value of an asset is obtained externally. In addition, the Group has financial models which calculate and determine the value in use through a combination of actual and expected cash flow generation discounted to present value.

In measuring the value in use, the Group has based its calculation on reasonable and supportable assumptions that represent management's best estimate for the range of economic conditions that will exist over the remaining useful life of the asset. The Group has applied the latest available market assumptions when calculating the value in use as of 31 December 2017.

To support the value in use calculation the Group has also looked at the broker values at the applicable balance date and analysed contract values and other factors (newbuild parity etc.), bridging book value of the rigs.

The Group acknowledges that there may be both macroeconomic and industry specific challenges when looking at a longer period of time, which a rig's lifetime is. Estimated cash flows may for these reasons vary over time and different scenarios have therefore been accounted for. The Group has in its calculations accounted for different scenarios when it comes to assumptions related to day rate, exercised options, operating expenses, financial utilisation and market recovery.

Normalised day rate, supported by new build parity, is in the model fully recovered from 2022. In the periods without contract prior to 2022, the Group has applied estimated day rates that provide a natural development towards a normalised level.

The discount factor applied in the cash flow budgets is a pre-tax weighted average cost of capital.

### **11.11 Significant changes**

Other than the Private Placement (see Section 17.1 "The Private Placement"), the issuance of the Preference Shares (see 14.4 "The Preference Shares") and the declaration of effectiveness of the Construction Contract (see 8.6.1.3 "Key contracts"), there has been no significant changes in the financial or trading position of the Group since the date of the Interim Financial Statements for the three months' period ended 31 March 2018, which have been incorporated into the Prospectus by reference, see Section 19.3 "Incorporation by reference".

## 12 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

### 12.1 Board of Directors

#### 12.1.1 Overview of the Board of Directors

The Board of Directors is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved to the Company's shareholders by its bye-laws (the "**Bye-Laws**") or Bermuda law. The Bye-Laws provide that the Company's Board of Directors shall consist of not less than four directors or such number in excess thereof as the shareholders of the Company may determine. The directors are elected by the shareholders at the annual general meeting (for such term as the shareholders may determine or, in the absence of such determination, until the annual general meeting in the second year after the appointment or until their successors are elected or appointed or their office is otherwise vacated) or any special general meeting called for that purpose, unless there is a casual vacancy, and the shareholders of the Company may authorise the Board of Directors to fill any vacancy in their number left unfilled at a general meeting of the shareholders. If there is a vacancy of the Board of Directors occurring as a result of the death, disability, disqualification or resignation of any director or as a result of an increase in the size of the Board of Directors, the Board of Directors has the power to appoint a director to fill the vacancy.

As of the date of this Prospectus, the Company has a Board of Directors composed of five directors. The names and positions of the directors are set out in the table below.

The Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (the "**Corporate Governance Code**"), meaning that (i) the majority of the shareholder-elected members of the Board of Directors should be independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder-elected members of the Board of Directors should be independent of the Company's main shareholder, and (iii) no members of the Company's executive management should serve on the Board of Directors.

All directors are independent of the Company's significant business relations and large shareholders (shareholders holding more than 10% of the Shares in the Company), except for Helene Odfjell. All of the directors are independent of the Management. Management is not represented on the Board of Directors.

The Company's registered office address at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, serves as the business address for the members of the Board of Directors in relation to their directorships of the Company.

#### 12.1.2 The Board of Directors

The names, positions, current term of office and shareholding in the Company of the directors as of the date of this Prospectus are set out in the table below.

Name	Position	Served since	Term expires	Shares
Carl-Erik Haavaldsen <sup>3</sup>	Chairman	September 2013	AGM 2019	19,047 <sup>1</sup>
Helene Odfjell	Director	September 2005	AGM 2019	142,000,000 <sup>2</sup>
Kirk L. Davis	Director	December 2007	AGM 2019	-
Bengt Lie Hansen	Director	November 2010	AGM 2019	-
Henry H. Hamilton III	Director	September 2013	AGM 2019	-

<sup>1</sup> Shares held through Cenor Ltd., where Carl-Erik Haavaldsen holds a significant ownership.

<sup>2</sup> Shares controlled through Odfjell Partners Ltd.

<sup>3</sup> In the notice to the annual general meeting of the Company, summoned to be held on 20 June 2018, it is proposed that Susanne Munch Thore is elected as a new member of the Board of Directors. Further, it is proposed that all current directors, except for Carl-Erik Haavaldsen, will stand for a re-election. It is expected that the Board of Directors will elect Helene Odfjell as the new chairman of the Board of Directors following Carl-Erik Haavaldsen's resignation.

#### 12.1.3 Brief biographies of the Directors

Other than as stated, none of the members of the Board of Directors hold any Shares or options giving right to acquire Shares. Set out below are brief biographies of the members of the Board of Directors, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Board of Directors is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and management positions in subsidiaries of the Company).

**Carl-Erik Haavaldsen, Chairman**

Carl-Erik Haavaldsen is Chairman of the Board of Directors. He has a Master of Business Administration from the Norwegian School of Economics (NHH) and a Master of Business Administration from UCLA (University of California, Los Angeles). Mr. Haavaldsen has held executive positions in companies within the commercial banking, investment banking and shipping industries. He has served as CEO for an Oslo securities firm as well as for a tanker shipping company previously listed on the Oslo Stock Exchange. Mr. Haavaldsen has further extensive experience from previous and current board positions and is an experienced business advisor. He also currently serves as an investment advisor for Benor Tanker Ltd. and Cenor Ltd., two investment companies.

*Current directorships and management positions:* ..... *Transpetrol Holding Ltd. (co-chairman), Transpetrol TM AS (chairman), Ims Instrumental Marine Services (director) and Nedre Bakklandet Næring AS (chairman).*

*Previous directorships and management positions in the last five years:* ..... *Odffjell Drilling Holding Ltd. (director) and Instrumental Marine Services Norway AS (director).*

**Helene Odffjell, Director**

Helene Odffjell has a Master of Business Administration from the Norwegian School of Economics (NHH), a Master of Business Administration from London Business School and is a Chartered Financial Analyst. Mrs. Odffjell has many years of experience in business and management and holds many board and management positions in the affiliates of the Company.

*Current directorships and management positions:* ..... *Odffjell Partners Ltd. (director) and Grønco AS (director).*

*Previous directorships and management positions in the last five years:* ..... *Odffjell Drilling Holding Ltd. (director), Kokstad Invest Holding AS (chairman), Kokstad Eiendom AS (chairman), Kokstad Næringspark AS (chairman), Knaus1 AS (chairman) and Pålssstova AS (chairman).*

**Kirk L. Davis, Director**

Kirk L. Davis has a degree in accounting from Mt. Allison University, and is a Chartered Accountant of Bermuda and a Chartered Professional Accountant of Ontario. He is currently the President and a Director of Pin High Limited, a company providing private client financial services. Mr. Davis has extensive experience from previous and current board positions.

*Current directorships and management positions:* ..... *Opus Fund Services (Bermuda) Limited (director), Opus Fund Services (Cayman) Limited (director), Opus Fund Services Limited (director), Mid Atlantic Global Opportunities Management Ltd. (director), CCFD Offshore Holdings Ltd. (director), CGE Alpha Ltd. (director), CGE Alpha Offshore Holdings Ltd. (director), CGEF Offshore Holdings Ltd. (director), Citadel Global Commodities Fund Ltd. (director), Citadel Global Equities Alpha Select Fund Ltd. (director), Citadel Global Equities Fund Ltd. (director), Citadel Global Equities Master Fund Ltd. (director), Citadel Global Fixed Income Fund Ltd. (director), Citadel Global Fixed Income Master Fund Ltd. (director), Citadel Kensington Global Strategies Fund Ltd. (director), Equinox International Fund, Ltd. (director), GEAD Offshore Holdings Ltd. (director), GFID Offshore Holdings Ltd. (director), Mid Atlantic Funds SPC (director), KGSF Offshore Holdings Ltd (director), Knighthead Offshore Fund, Ltd. (director), Kuroto Fund International, Ltd. (director), Castle Harbour Holdings Ltd. (director), Castle Harbour Securities Limited (director), Carrason Holdings Limited (director), Odffjell Capital (Bermuda) Limited (director), Odffjell Partners Ltd. (director), Silgest Holdings Limited (director), Pin High Limited (director), Aseo*

*International Ltd. (director), Jo Tankers (Bermuda) Limited (director), Palmares Holdings Limited (director), Seabird Private Trustee Limited (director), Hibiscus Private Trustee Limited (director), OSG Private Trustee Limited (director), Chloe Marine Corporation Ltd. (director) and Deep Sea Metro Ltd (director).*

*Previous directorships and management positions in the last five years: .....*

*Capital G Trust Limited (director), Offshore Rig Invest Ltd. (director), CCF Offshore Holdings Ltd. (director), Citadel Credit Fund I Ltd. (director), Citadel Credit Master Fund Ltd. (director), Tactical Trading HK Holdings Ltd. (director), Kensington Financial Investments Ltd. (director), Liquid Group of Companies (THE) (director), Sargasso Supplies Ltd. (director), Machina Trading Ltd. (director), Anchor Secondary 2 Ltd (director), Data Holdings Limited (director), Gatsby Capital Management Limited (director), Gils Investments Limited (director), Glics Investments Limited (director), Huntly Private Trustee Limited (director), Maran Private Trustee Limited (director), Citadel Convertible Master Fund Ltd. (director), PhiloSmith Offshore Partners Ltd. (director) and Odfjell Drilling Holding Ltd (director).*

**Bengt Lie Hansen, Director**

Bengt Lie Hansen has a Master of Business Administration from the Norwegian School of Economics (NHH) and a Master of Law from the University of Oslo (UiO). Mr. Lie Hansen has 43 years of experience in the oil, gas and offshore industry. He has been head of division in the Ministry of Petroleum and Energy, Vice President of Deminex Norway, Senior Vice President of Norsk Hydro, in charge of Finance, Commercial, Natural Gas and the Ormen Lange project. He has also served as President of Statoil Russia. He is currently chairman of BLH Energy consulting.

*Current directorships and management positions: .....*

*Veripos, Inc (director), BLH Energy Consulting (owner), Aqua Cutter AS (director), Technip Norge AS (director), Control Cutter AS (director), Industry Forum and NOROG (chairman).*

*Previous directorships and management positions in the last five years: .....*

*TGS-NOPEC Geophysical Company ASA (director), RN Nordic Oil AS (chairman), Capricorn Norge AS (director) and Statoil Russia (president).*

**Henry H. Hamilton III, Director**

Henry H. Hamilton III is currently chairman of TGS-NOPEC Geophysical Company ASA ("**TGS**"). He served as CEO of TGS from 1995 to June 2009. Mr. Hamilton began his career as a geophysicist with Shell Offshore (1981 – 1987) before he moved to Schlumberger (1987 – 1995), where he ultimately held the position of Vice President and General Manager for all seismic product lines in North and South America. He joined TGS as its CEO in 1995 and remained in the position following the 1998 merger with NOPEC International that led to the initial public listing of TGS. Mr. Hamilton served on the board of directors for the International Association of Geophysical Contractors (IAGC) from 1993 to 2011 and on the board of the Society of Exploration Geophysics (SEG) Foundation from 2010 to 2015. He currently serves as chairman of the board of directors of Defy Ventures (a non-profit organisation) and as a director for the University of North Carolina Arts & Sciences Foundation (non-profit organisation) and as a director for the University of North Carolina Arts & Sciences Foundation (non-profit organisation) and Geophysical Technology, Inc. (a privately held company). He was first elected as a director of TGS in 1998 and its chairman in 2009, when he retired from the CEO position. He served as a director of Odfjell Offshore Ltd., a subsidiary of the Company, from April 2011 to September 2011.

*Current directorships and management positions: .....*

*TGS-NOPEC Geophysical Company ASA (TGS) (chairman), Defy Ventures (non-profit organisation) (chairman), UNC Arts & Sciences Foundation (non-profit organisation) (director)*

and Geophysical Technology, Inc. (privately held company) (director).

Previous directorships and management positions in the last five years: .....

Society of Exploration Geophysics (SEG) foundation (director).

#### 12.1.4 Remuneration of the Board of Directors

The remuneration and other benefits paid to the directors in 2017 constituted a total amount of USD 165 thousand. The table below shows the remuneration paid in 2017.

Name and position	Remuneration in 2017
Carl-Erik Haavaldsen (Chairman) .....	USD 57,000
Helene Od fjell (Director) .....	USD 27,000
Kirk L. Davis (Director) .....	USD 27,000
Bengt Lie Hansen (Director) .....	USD 27,000
Henry H. Hamilton III (Director) .....	USD 27,000

## 12.2 Management

### 12.2.1 Overview

The Company's senior management team consists of nine individuals ("**Management**"). The Management team is employed by Od fjell Drilling AS which performs management services for the Group pursuant to an agreement with the Company.

As of the date of this Prospectus, no member of the Management holds any Shares or options for Shares except as set out in the table below.

The names of the members of Management as of the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within the Group	Employed with the Group since	Shares	Options for Shares
Simen Lieungh <sup>1</sup> .....	President and Chief Executive Officer	October 2010	952,381 <sup>2</sup>	960,000 <sup>3</sup>
Atle Sæbø .....	Executive Vice President and Chief Financial Officer	September 1993	-	-
Kjetil Gjersdal .....	Executive Vice President Mobile Offshore Drilling Units	September 2000	-	-
Ole Fredrik Maier .....	Executive Vice President Platform Drilling	March 2002	8,500	-
Michael Boysen Nielsen .....	Executive Vice President and Chief Commercial Officer	November 2015	-	-
Jone Torstensen .....	Executive Vice President Chief of Staff	January 2012	-	-
Janike A. Myre .....	Senior Vice President QHSE	February 2002	3,454	-
George Taggart .....	Executive Vice President Od fjell Well Services	October 2017	-	-
Bengt Alvar Olsen .....	Senior Vice President Communication & Information	October 1979	5,151	-

1 Simen Lieungh holds one (1) share, out of 89,995 shares, in Od fjell Drilling Philippines Ltd due to local legal requirements. The share does not carry any right to dividends/distributions or other benefits.

2 In connection with the listing of the Company on the Oslo Stock Exchange in 2013 and the offering of Shares completed in connection with the listing, Od fjell Partners Ltd. (as lender) and Simen Lieungh entered into a loan agreement for the purposes of financing Mr. Lieungh's acquisition of Shares in the offering. Simen Lieungh was allocated 952,381 Shares in the Offering. The loan agreement entered into between the parties, sets out, inter alia, the following conditions: (i) a restriction on the creation of security interests over those Shares; (ii) prior to 31 March 2018, Simen Lieungh had the right to sell those Shares to Od fjell Partners Ltd. at market value provided that both parties mutually agreed to such sale and purchase; (iii) following 31 March 2018, Simen Lieungh has the right to sell those Shares to Od fjell Partners Ltd. at market value; (iv) if Simen Lieungh was to leave Od fjell Drilling prior to 31 March 2018, Od fjell Partners Ltd. had the right to purchase all those Shares at cost (i.e., Simen Lieungh's purchase price for those Shares); and (v) Od fjell Partners Ltd. has the right of first refusal to buy those Shares from Simen Lieungh.

3 In connection with the Private Placement, Simen Lieungh, was granted 960,000 options by the Board of Directors, with each option giving a right to subscribe for one Share at a subscription price of NOK 36 per Share. The options will be exercisable in three tranches of 320,000 options, with the tranches exercisable on and from the second anniversary, third anniversary and fourth anniversary of the completion of the Private Placement, respectively. For a description of the Private Placement see Section 17.1 "The Private Placement".

Odjell Drilling AS' registered office address at Sandslimarka 63, N-5254 Sandsli, Norway serves as the business address for the members of the Management team.

*12.2.2 Brief biographies of the members of Management*

Set out below are brief biographies of the members of Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and management positions in subsidiaries of the Company).

**Simen Lieungh – President and Chief Executive Officer**

Simen Lieungh joined Odjell Drilling as President and Chief Executive Officer in 2010. Mr. Lieungh has extensive experience in the oil and gas services industry. He first joined Kvaerner Engineering in 1988 and in 2007 he was appointed as President & CEO of Aker Kvaerner ASA (later Aker Solutions ASA). Mr. Lieungh has more than 20 years of experience in working with large field development projects in all phases of development, from conceptual studies to completion and delivery of complete installations. Prior to joining Aker Solutions, Mr. Lieungh was a research scientist with the Norwegian Defence Research Establishment. Mr. Lieungh is a graduate of the Norwegian University of Science and Technology and holds a Master of Science in Mechanical Engineering.

*Current directorships and management positions: .....* None.

*Previous directorships and management positions in the last five years: .....* Leonhard Nilsen & Sønner AS (director), Aker Solutions ASA (CEO), LNS AS (director), Metier O&G AS (chairman), Deep Sea Metro Ltd. (director), Chloe Marine Corporation Ltd. (director), Golden Close Maritime Corp. Ltd. (director), Deep Sea Metro Holland B.V. (director), Deep Sea Metro Holland IV B.V. (director), Golden Close II LTD. (director), Deep Sea Metro Cooperatief (director), Nemis Invest AS (chairman and CEO), Metier AS (director) and C2U Group (chairman).

**Atle Sæbø – Executive Vice President and Chief Financial Officer**

Atle Sæbø holds the position as Executive Vice President and Chief Financial Officer and has been employed by the Group since 1993. Mr. Sæbø has a Master of Business Administration from the Norwegian School of Economics (NHH) and has also taken the first level of the Norwegian Law Study. He has previously held leading positions with Fred. Olsen Offshore, Geco and Nevi Corporate and holds many board and management positions in the affiliates of the Company.

*Current directorships and management positions: .....* None.

*Previous directorships and management positions in the last five years: .....* Deep Sea Metro Holland III BV (director), , Deep Sea Metro I Cooperatief (director), Deep Sea Metro LTD. (director), Chloe Marine Corporation Ltd. (director), Golden Close Maritime Corp. Ltd. (director), Odjell Galvão B.V. (director). Newco DSA (UK) Ltd. (director) and Newco DSS (UK) Ltd. (director).

**Kjetil Gjersdal – Executive Vice President Mobile Offshore Drilling Units**

Kjetil Gjersdal holds the position as Executive Vice President and heads the Mobile Offshore Drilling Units segment. He has 20 years' experience in the drilling and well industry. After joining Odjell Drilling in 2000, he has held various positions within Operations Management, such as Rig manager, Operations Manager and SVP MODU International. He holds a Bachelor of Science in Marine & Offshore technology from Ålesund University College.

*Current directorships and management positions: .....* None.



*Previous directorships and management positions in the last five years:* ..... *None.*

**Ole Fredrik Maier – Executive Vice President Platform Drilling**

Ole Fredrik Maier holds the position as Executive Vice President and heads the Platform Drilling business area. He has a Bachelor in engineering and finance/administration from Vestfold University. He held various positions in the drilling offshore industry before he joined Odfjell Drilling in 2002. He has been regional manager for the UK since 2012.

*Current directorships and management positions:* ..... *G7 Gruppen AS (director).*

*Previous directorships and management positions in the last five years:* ..... *None.*

**Michael Boysen Nielsen – Executive Vice President and Chief Commercial Officer**

Michael Boysen Nielsen holds the position as Executive Vice President and Chief Commercial Officer. He has a Bachelor degree in Marketing from Copenhagen Business School and exams in Strategy and Management from IMD Business School and London Business School. He has worked more than 20 years as a business development and marketing professional in Maersk and Ocean Rig. Before joining Odfjell Drilling in 2015, Michael Boysen Nielsen was Senior Vice President, Contracts & Marketing of Ocean Rig.

*Current directorships and management positions:* ..... *None.*

*Previous directorships and management positions in the last five years:* ..... *Maersk Drilling (senior director) and Ocean Rig (senior vice president).*

**Jone Torstensen – Executive Vice President and Chief of Staff**

Jone Torstensen holds the position as Executive Vice President Chief of Staff and has degrees in business economics/administration from the University of Stavanger and the University of Bergen. He held various management positions in finance, project management and business development over 18 years at Aker Kværner and Aker Solutions before he joined Odfjell Drilling in 2012.

*Current directorships and management positions:* ..... *IMS International Ltd. (director) and Golden Close II Ltd. (director).*

*Previous directorships and management positions in the last five years:* ..... *Deep Sea Metro Ltd. (director) and Golden Close Maritime Corp. Ltd. (director).*

**Janike A. Myre – Senior Vice President QHSE**

Janike Amundsen Myre holds the position of Senior Vice President QHSE and is a business graduate of the Norwegian Business School (BI), with Master Program from the same institution. Mrs. Myre has more than 23 years of experience and has held leading positions in Gulf, Chevron, Sonat Offshore and Transocean. Mrs. Myre has been with Odfjell Drilling since 2002 and holds other board and management positions in the affiliates of the Company.

*Current directorships and management positions:* ..... *None.*

*Previous directorships and management positions in the last five years:* ..... *PSW Group AS (director), PSW Property AS (director) and PSW Consultants AS (director).*

**George Taggart – Executive Vice President Odfjell Well Services**

George Taggart holds the position as Executive Vice President and heads the Odfjell Well Services area. He has 29 years' experience in the drilling systems and equipment industry and joined the company in October 2017. Prior to joining Odfjell Well Services, Mr. Taggart spent almost 20 years with Aker Solutions and MHWirth in business development, operations and regional management positions and on international assignments in the UK, Norway, Caspian, USA and Middle East. Mr. Taggart has technical qualifications in electrical & mechanical engineering.

*Current directorships and management positions: ..... None.*

*Previous directorships and management positions in the last five years: ..... None.*

**Bengt Alvar Olsen – Senior Vice President Communication & Information**

Mr. Olsen began his education in the Royal Norwegian Navy and served there for four years before he was engaged in the offshore industry. He has studied personnel administration and marketing management at the Norwegian School of Economics and Business Administration (NHH) and has participated in an executive management program at the Norwegian Business School (BI). He has more than 40 years' experience from the shipping and offshore markets and has been with Odfjell Drilling since 1979.

*Current directorships and management positions: ..... None.*

*Previous directorships and management positions in the last five years: ..... None.*

**12.2.3 Remuneration and benefits**

The remuneration and other benefits paid to the CEO and the CFO in 2017 constituted a total amount of USD 1,192,000. The table below shows the remuneration paid in 2017.

<b>Name</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other remuneration</b>	<b>Pension premium</b>
CEO .....	USD 607,000	USD 121,000	USD 46,000	USD 12,000
CFO .....	USD 303,000	USD 60,000	USD 25,000	USD 18,000
<b>Total</b> .....	<b>USD 910,000</b>	<b>USD 181,000</b>	<b>USD 71,000</b>	<b>USD 30,000</b>

**12.2.4 Bonus programme****12.2.4.1 Executive variable pay – corporate management**

The incentive payment awarded to the corporate management depends on their achievement of individual targets and are subject to discretionary review by the Executive Vice Presidents or the CEO. Score achievement is linked to Odfjell Drilling's general objectives and performance, such as:

- EBIT and EBITDA performance relative to budget;
- QHSE performance and improvement over the previous year;
- Compliance with Odfjell Drilling's core values, including safeguarding the environment;
- Risk management and system implementation; and
- Active development and optimisation of resources within own area of responsibility.

Each incentive agreement has a duration of one calendar year, but are by the end of December each year considered for extension of one year at a time by the CEO.

The determination of the total incentive pay is based on the approved financial statements for the preceding financial year. Incentive pay includes holiday pay and is thus not included in the basis for holiday pay the following year.

#### 12.2.4.2 Performance bonus scheme

Odfjell Drilling has established a performance bonus scheme for management and personnel holding key positions in Odfjell Drilling. For managers with an operating responsibility, the bonus payment has three separate components, based on the following criteria:

- HSE-bonus related to measured parameters.
- The unit's or department's results relative to budget, corrected for extraordinary purchases, allocations or depreciations.
- Odfjell Drilling's total results relative to budget, corrected for extraordinary purchases, allocations or depreciations.

For other management and key personnel as defined by the CEO, the bonus will depend on Odfjell Drilling's total results relative to budget, corrected for extraordinary purchases, allocations or depreciations.

The bonus is limited to a maximum of three times the gross monthly salary of the relevant employee. The bonuses are paid within four weeks after the approval of the financial statements of Odfjell Drilling.

Bonus payments are not included in the calculation for pension savings, insurance or other benefits from Odfjell Drilling to the employees. Bonus payments include holiday pay and are thus not included in the basis for holiday pay the following year.

### 12.3 Benefits upon termination

No employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination of employment, except for Simen Lieungh, who is entitled to 12 months' base salary as severance pay if his employment is terminated by Odfjell Drilling.

No member of the Board of Directors has service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

### 12.4 Pension and retirement benefits

For the year ended 31 December 2017, the costs of pensions for members of Management were USD 30,000. The Company has no pension or retirement benefits for its directors.

For more information regarding pension and retirement benefits, see note 17 to the Financial Statements for the year ended 31 December 2017, incorporated by reference hereto (see Section 19.3 "Incorporation by reference").

### 12.5 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of its directors or to any member of Management.

### 12.6 Audit committee

The Board of Directors has elected an audit committee amongst the members of the Board of Directors. The audit committee comprises Bengt Lie Hansen (chairman) and Helene Odfjell. The primary purposes of the audit committee are to:

- assist the Board of Directors in discharging its duties relating to the safeguarding of assets; the operation of adequate system and internal controls; control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards; and
- provide support to the Board of Directors on the risk profile and risk management of the Company.

The audit committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

### 12.7 Conflicts of interests etc.

None of the members of the Board of Directors or Management has during the last five years preceding the date of this Prospectus:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or senior manager of a company or partner of a limited partnership.

Helene Odfjell indirectly controls Odfjell Partners Ltd., which is the Company's largest shareholder. Simen Lieungh owns 952,381 Shares and 960,000 options for Shares and Carl-Erik Haavaldsen holds a significant ownership in Cenor Ltd., which owns 19,047 Shares in the Company. To the Company's knowledge, there are currently no other actual or potential conflicts of interest between the private interests or other duties of any of the members of the Management and the Board of Directors and their duties towards the Company, including any family relationships between such persons.

### 12.8 Corporate governance

The Company has adopted and implemented a corporate governance regime which complies with the Corporate Governance Code, with the following exceptions:

*Deviation from section 2 "Business":* In accordance with common practice for Bermuda incorporated companies, the Company's objects as set out in the memorandum of association are wider and more extensive than recommended in the Corporate Governance Code.

*Deviation from section 3 "Equity and dividends":* Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board of Directors has wide powers to issue any authorised but unissued shares of the Company on such terms and conditions as it may decide, and any shares or class of shares may be issued with preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return on capital, or otherwise as the Company may, by resolution of the shareholders, prescribe. Accordingly, this represents a deviation from section 3 of the Corporate Governance Code. However, such issuance of shares by the Company from the authorised, but unissued, share capital is subject to prior approval given by resolution of the general meeting of shareholders. Such pre-approval from the shareholders to the Board of Directors' resolution to issue any authorised but unissued shares is proposed deleted from the Company's Bye-Laws at the General Meeting of the Shareholders to be held on 20 June 2018. Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board of Directors also has the power to authorise the Company's purchase of its own shares, whether for cancellation or acquiring as treasury shares and the power to declare dividends. These powers are neither limited to specific purposes nor to a specified period as recommended in the Code.

*Deviation from section 5 "Freely negotiable shares":* The common Shares are freely negotiable and the Company's constitutional documents do not impose any transfer restrictions on the Shares other than as set out below. The Bye-Laws include a right for the Board of Directors to decline to register the transfer of any interest in any Share in the register of members, or decline to direct any registrar, appointed by the Company, to register the transfer where such transfer would result in 50% or more of the Shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or connected to a Norwegian business activity. The purpose of this provision is to avoid that the Company is deemed a "Controlled Foreign Company" as such term is defined under the Norwegian tax rules. The fact that Odfjell Partners Ltd., which is a Bermuda incorporated company, owns more than 50% of the Shares at the time of Listing mean that this provision not will impact on the free trading of the Shares.

*Deviation from section 6 "General Meetings":* The Chairman of the Board of Directors will, in principle, chair the Company's general meetings. This is mainly due to the fact that the Bye-Laws of the Company provide, as is common under Bermuda law, that the Chairman of the Board of Directors shall, as a general rule, chair the general meetings.

*Deviation from section 7 "Nomination committee":* The Board of Directors is of the opinion that a nomination committee is deemed superfluous with the current shareholder structure. The annual general meeting resolved the dissolution of the Nomination Committee on 18 June 2015.

## 13 RELATED PARTY TRANSACTIONS

### 13.1 Introduction

Below is a summary of the Group's related party transaction for the periods covered by the historical financial information and up to the date of this Prospectus. For further information on related party transactions of the Group, please refer to note 24, 27 and note 28 of the financial statements for the years ended 31 December 2017, 2016 and 2015, respectively, and note 16 and note 14 of the interim financial statements for the three months ended 31 March 2018 and 2017, respectively, incorporated by reference hereto, see Section 19.3 "Incorporation by reference". All related party transactions have been concluded at arm's length principles.

### 13.2 Transactions carried out with related parties in the years ended 31 December 2017, 2016 and 2015

#### 13.2.1 Overview

The tables below set forth the material transactions with related parties in the three months' periods ended 31 March 2018 and 2017 and in the years ended 31 December 2017, 2016 and 2015.

	Three months ended 31 March		Year ended 31 December		
	2018 (unaudited)	2017 (unaudited)	2017 (audited)	2016 (audited)	2015 (audited)
<i>(In USD thousands)</i>					
<b>Sales of services:</b>					
- Robotic Drilling Systems AS.....	0	11	20	33	-
- Deep Sea Metro Ltd. Group <sup>1</sup> .....	0	3,770	3,770	30,487	41,186
<b>Total</b> .....	<b>0</b>	<b>3,781</b>	<b>3,791</b>	<b>30,520</b>	<b>41,186</b>
<b>Operating expenses:</b>					
- Kokstad Holding AS group (related to main shareholder) .....	1,718	1,614	6,392	6,293	1,614
- Robotic Drilling Systems AS <sup>1</sup> .....	0	-	0	91	-
<b>Total</b> .....	<b>1,718</b>	<b>1,614</b>	<b>6,392</b>	<b>6,384</b>	<b>1,614</b>

<sup>1</sup> As at 31 December 2017 and 31 March 2018 the Group had no shares in neither Robotic Drilling System AS, nor in Deep Sea Metro Ltd. Transactions up until the divestments in 2017 are included in table above.

The tables below set forth the receivables and liabilities with related parties in the three months' periods ended 31 March 2018 and 2017 and in the years ended 31 December 2017, 2016 and 2015.

	Three months ended 31 March		Year ended 31 December		
	2018 (unaudited)	2017 (unaudited)	2017 (audited)	2016 (audited)	2015 (audited)
<i>(In USD thousands)</i>					
<b>Current receivables:</b>					
- Robotic Drilling Systems AS.....	0	5	-	4	-
- Deep Sea Metro Ltd. Group .....	0	-	-	1,840	3,490
<b>Total</b> .....	<b>0</b>	<b>5</b>	<b>-</b>	<b>1,844</b>	<b>3,490</b>
<b>Current liabilities:</b>					
- Kokstad Holding AS group (related to main shareholder) .....	0	-	647	-	-
- Robotic Drilling Systems AS.....	-	-	-	65	-
- Deep Sea Metro Ltd. Group .....	-	-	-	11,875	8,568
<b>Total</b> .....	<b>0</b>	<b>-</b>	<b>647</b>	<b>11,940</b>	<b>8,568</b>

#### 13.2.2 Transactions carried out with related parties in the period following 31 March 2018

In the period following 31 March 2018, the Group has not entered into any new related party agreements. The related party agreements the Group was a party to during the three months' period ended 31 March 2018 have continued to be in effect in the period. As a result, related party transactions have been carried out under these related party agreements in the same manner as in the three months' period ended 31 March 2018.

### 13.2.3 Commitments towards related parties

The Group leases various offices under operating lease agreements. The lease terms are between 1 and 13 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The table below sets forth the future aggregate minimum lease payments under operating leases in the years ended 31 December 2017, 2016 and 2015.

	<b>Year ended 31 December</b>		
	<b>2017</b> <i>(audited)</i>	<b>2016</b> <i>(audited)</i>	<b>2015</b> <i>(audited)</i>
<i>(In USD thousands)</i>			
No later than 1 year.....	7,685	6,011	4,878
Later than 1 year and no later than 5 years.....	22,506	22,568	18,844
Later than 5 years.....	35,770	38,978	35,452
<b>Total</b> .....	<b>65,962</b>	<b>67,557</b>	<b>59,174</b>

## **14 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL**

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's memorandum of association, Bye-Laws and applicable Norwegian and Bermuda law in effect as of the date of this Prospectus, including the Bermuda Companies Act. The summary does not purport to be complete and is qualified in its entirety by the Company's memorandum of association, Bye-Laws and applicable law.

### **14.1 Corporate information**

Odfjell Drilling Ltd was incorporated on 16 November 2005 as an exempted company limited by shares under the laws of Bermuda and in accordance with the Bermuda Companies Act. The Company's registration number is 37607. The Company's registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Telephone: + 1 (441) 400 8900. The Company's website is [www.odfjelldrilling.com](http://www.odfjelldrilling.com).

### **14.2 Legal structure**

Odfjell Drilling Ltd, the parent company of the Group, is a holding company. The operations of the Group are carried out by the Group's operating subsidiaries. Odfjell Drilling Ltd has four directly wholly-owned subsidiaries: Odfjell Offshore Ltd., incorporated in Bermuda; Odfjell Rig Owning Ltd. (holding company for the drilling units), incorporated in Bermuda; Odfjell Drilling Services Ltd. (holding company for the Group's MODU Management business area and the Drilling & Technology and Well Services segments), incorporated in Bermuda; and Odfjell Global Business Services AS, incorporated in Norway.

Odfjell Rig Owning Ltd. has the following seven directly wholly-owned subsidiaries: Odfjell Invest Ltd. (parent company of the rig owning companies of Deepsea Atlantic and Deepsea Stavanger), incorporated in Bermuda; Odfjell Rig Ltd. (parent company of various subsidiaries), incorporated in Bermuda; Odfjell Rig II Ltd. (rig owning company of Deepsea Bergen), incorporated in Bermuda; Odfjell Rig III Ltd. (parent company of the rig owning company of Deepsea Aberdeen), incorporated in Bermuda; Odfjell Offshore Management Pte Ltd., incorporated in the United Arab Emirates; Deep Sea Bergen Ltd incorporated in Scotland; and Odfjell Drilling AS (employer of the majority of the land-based Norwegian employees and manager for the drilling units), incorporated in Norway.

Odfjell Invest Ltd. has the following four wholly-owned subsidiaries Deep Sea Atlantic Pte Ltd., incorporated in Singapore; Deep Sea Stavanger Pte Ltd., incorporated in Singapore; Deep Sea Atlantic (UK) Ltd. (rig owning company of Deepsea Atlantic), incorporated in England; and Deep Sea Stavanger (UK) Ltd. (rig owning company of Deepsea Stavanger), incorporated in England.

Odfjell Drilling Shetland Ltd. (rig owning company of Deepsea Aberdeen), incorporated in Scotland, is directly wholly-owned by Odfjell Rig III Ltd.

Odfjell Drilling AS has the following four directly wholly-owned subsidiaries: Deep Sea Management AS (employer of Norwegian personnel onboard the Group's fleet of semi-submersibles), incorporated in Norway; Odfjell Invest AS (bareboat charterer of Deepsea Atlantic and Deepsea Stavanger), incorporated in Norway; Deep Sea Drilling Company I AS (bareboat charterer of Deepsea Bergen), incorporated in Norway; and Deep Sea Management International AS (employer of non-Norwegian personnel onboard the Group's international floater fleet), incorporated in Norway.

Deep Sea Drilling Company II KS (previous owner of Deepsea Bergen) is owned by Odfjell Rig Ltd. (90%) and Odfjell Drilling AS (10%).

Odfjell Drilling Services Ltd. has the following three directly wholly-owned subsidiaries: Odfjell Platform Drilling AS, incorporated in Norway; Odfjell Partners Invest Ltd. (owner of service and Rental Equipment and parent company of the Group's main subsidiaries owning equipment and providing well services), incorporated in Bermuda; and Odfjell Drilling Technology Ltd. (parent company of the main engineering companies in the Group), incorporated in Bermuda. In addition, Odfjell Drilling Services Ltd. has 99% ownership interest in Odfjell Drilling Cooperatief U.A. (parent company of currently dormant subsidiaries related to Brazilian projects), incorporated in the Netherlands.

Odfjell Platform Drilling AS has the following two directly wholly-owned subsidiaries: Odfjell Drilling Management AS (contract entity and employer of personnel on board the Group's Norwegian platform drilling business), incorporated in Norway; and Odfjell Drilling (UK) Ltd. (platform drilling contracts and personnel related to activities on UKCS).



Odfjell Partners Invest Ltd. has the following four directly wholly-owned subsidiaries: Odfjell Well Services II Ltd., incorporated in Bermuda; Odfjell Well Services AS, incorporated in Norway; Odfjell Well Services Norway AS (casing services and rental of well service equipment), incorporated in Norway; and Odfjell Well Services Ltd. (Well service and rental activity in Middle East), incorporated in the British Virgin Islands. Odfjell Partners Invest Ltd. also has a 99.99982% ownership interest in Odfjell Well Services Cooperatief UA (well services and Rental out of central Europe), incorporated in the Netherlands, and a 20% ownership interest in Odfjell Arabia Drilling Services Co. (service activity), incorporated in Saudi Arabia.

Odfjell Well Services II Ltd. has a 80% ownership interest in Odfjell Arabia Drilling Services Co., and a 0.00018% ownership interest in Odfjell Well Services Cooperatief UA. In addition Odfjell Well Services II Ltd. has the following two directly wholly-owned subsidiaries: Odfjell Services (Thailand) FLC (well services), incorporated in Thailand; and Odfjell Drilling – Deep Sea Management FZE (dormant), incorporated in the United Arab Emirates.

Odfjell Well Services Cooperatief UA has the following two directly wholly-owned subsidiaries: Odfjell Well Services (UK) Ltd. (OWS operations in the UK), incorporated in Scotland; and Odfjell Well Services srl. (service activity in Romania – rental and casing), incorporated in Romania.

Odfjell Well Services Ltd. has one directly wholly-owned subsidiary: Odfjell Rigworld Well Services, incorporated in Ghana.

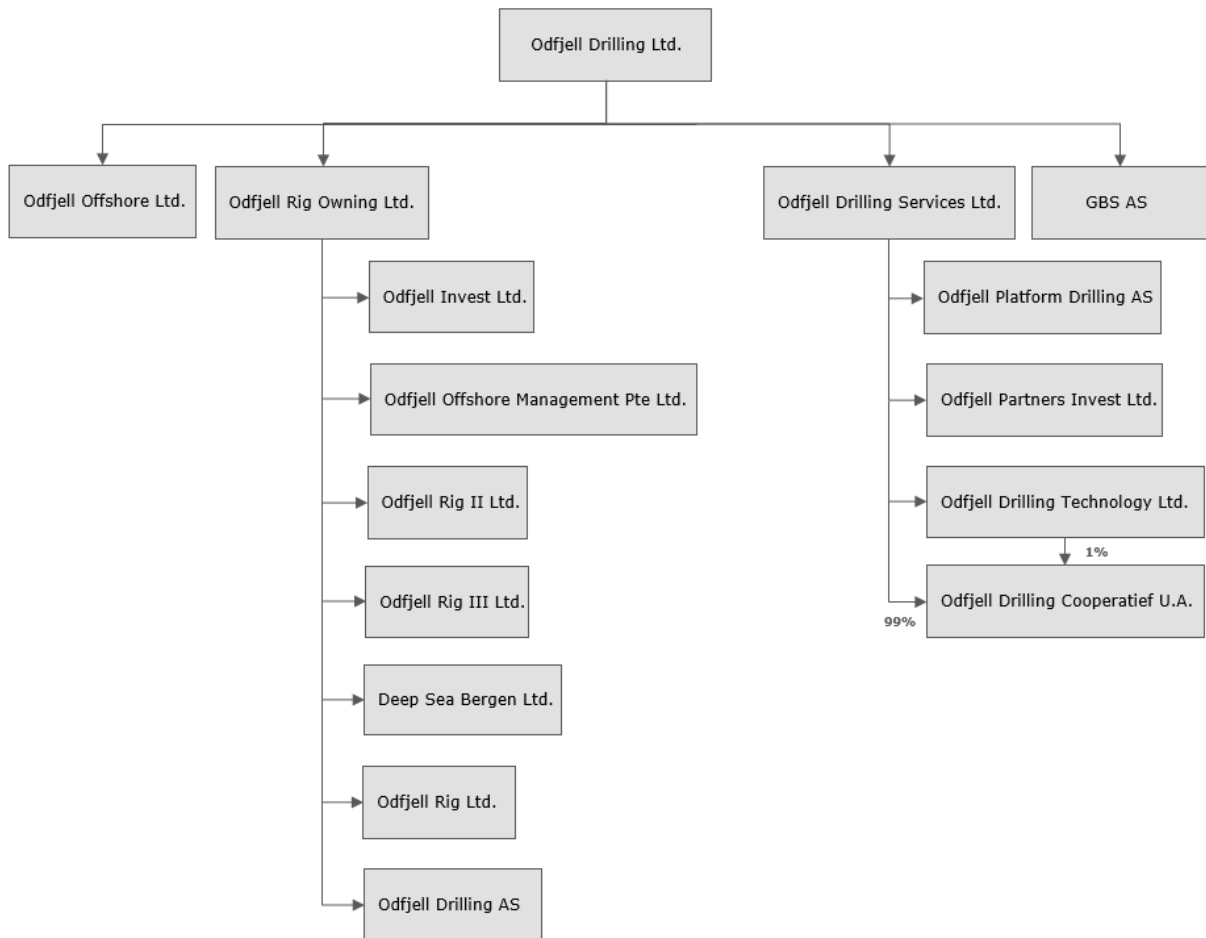
Odfjell Drilling Technology Ltd. has the following two directly wholly-owned subsidiaries: Odfjell Drilling Technology AS (engineering), incorporated in Norway; and Odfjell Drilling Philippines Corp., incorporated in the Philippines. Odfjell Drilling Technology Ltd. also has a 1% ownership interest in Odfjell Drilling Cooperatief UA.

Odfjell Drilling Cooperatief UA has the following two directly wholly-owned subsidiaries: Odfjell Invest Holland BV (dormant company with registered Angolan branch) and Odfjell Drilling Netherlands BV (dormant), both incorporated in the Netherlands. Odfjell Drilling Cooperatief UA also has a 99.99% ownership interest in the following: Odfjell Perfurações e Serviços Ltda. and Odfjell Well Services Ltda. (dormant), both incorporated in Brazil.

Odfjell Drilling Netherlands BV has one directly wholly-owned subsidiary: Odfjell Drilling Brazil BV, incorporated in the Netherlands.

Odfjell Drilling Brazil BV has a 99.995% ownership interest in Odfjell Drilling Brazil P Ltda, incorporated in Brazil and a 20% ownership interest in each of Itaoca Drilling BV, Siri Drilling BV and Guarapari Drilling BV, all incorporated in the Netherlands.

The following chart shows the main subsidiaries of the Company and the condensed legal structure of Odfjell Drilling (ownership of a 100% unless specified otherwise):



**14.3 Authorised and issued share capital**

At the date of this Prospectus, the Company's authorised share capital is USD 3,000,000, consisting of 280,000,000 common shares with a par value of USD 0.01 each, of which 236,736,900 Shares have been issued, and 20,000,000 preference shares with a par value of USD 0.01 each, of which 16,123,125 Preference Shares have been issued. The Board of Directors, subject to prior approval given by resolution of the Company's shareholders in accordance with the Bye-Laws, may issue any authorised but unissued shares of the Company. Such pre-approval from the shareholders to the Board of Directors' resolution to issue any authorised but unissued shares is proposed deleted from the Company's Bye-Laws at the General Meeting of the Shareholders to be held on 20 June 2018.

The Shares (other than the Offer Shares) have been created under the Bermuda Companies Act and are registered in the VPS under ISIN BMG671801022. The Private Placement Shares will be transferred from have been placed on a separate ISIN (BMG671801105) pending publication of this Prospectus, and will be transferred to the Company's regular ISIN following publication, expected to be on or about 20 June 2018. The Preference Shares have been created under the Bermuda Companies Act and are not registered in the VPS.

**14.4 The Preference Shares**

At the Special General Meeting of the Company held on 28 May 2018, it was inter alia resolved to authorise the Board of Directors to issue up to 16,123,125 Preference Shares to MPWirth (Singapore) Pte. Ltd. (the designated affiliate of Akastor). The subscription price was USD 4.6517037 per Preference Share, resulting in gross proceeds to the Company of USD 75 million. The Preference Shares were issued to MPWirth (Singapore) Pte. Ltd. on 29 May 2018.

The proceeds from the issue of the Preference Shares will be used to part-finance Deepsea Nordkapp, as further described in Section 8.6.1.3 "Mobile Offshore Drilling Units - Key contracts".

The Preference Shares are preference shares in the Company each having a par value of USD 0.01. The Preference Shares are issued in accordance with Bermuda law. The rights of the Preference Shares are governed by a preference share investment agreement (the "**Preference Share Investment Agreement**") entered into between the Company and MPWirth (Singapore) Pte. Ltd. (with Akastor as guarantor for the payment obligations of MPWirth (Singapore) Pte. Ltd.) and a preference share terms and conditions document approved by the Special General Meeting of the Company. Said terms and conditions document is incorporated hereto by reference (see Section 19.3 "Incorporation by reference").

The Preference Shares do not carry any voting rights, provided, however, that they can be given voting rights as a result of an event of default under the Preference Share Investment Agreement as described below.

The Preference Shares will entitle the holder(s) to receive a preferred cash dividend of 5% per annum and a cumulative PIK dividend of 5% per annum (to be paid/accumulated semi-annually). From the date falling six years after the issuance of the Preference Shares (i.e. from 29 May 2024), there will be a step-up in the cash dividend to 8% per annum for the first subsequent year, 9% per annum for the second subsequent year and 10% per annum for each year thereafter, provided that the preference capital and accrued dividends have not been repaid. If the Company fails to make a semi-annual payment of cash dividend the applicable cash dividend payable from that date shall be increased by 5% per annum until all accrued, payable and unpaid cash dividends have been paid in full. The Company does not have any obligation to repay the Preference Shares.

The table below sets out how the cash dividend and PIK dividend is calculated on the basis of the capitalised preference capital amount. The cash dividend component is payable semi-annually on 30 June and 31 December each year, while the PIK dividend is capitalised into the preference capital amount semi-annually on 30 June and 31 December each year.

In USD million	30 May 2018	26 Nov. 2018	31 Dec. 2018	30 June 2019	31 Dec. 2019	30 June 2020	31 Dec. 2020	30 June 2021	31 Dec. 2021	30 June 2022	31 Dec. 2022	30 June 2023	31 Dec. 2023	30 June 2024	28 May 2024
PIK dividend (accumulated to balance)		1,83	0,36	1,89	1,97	2,00	2,07	2,08	2,17	2,19	2,28	2,30	2,39	1,98	25,51
Accumulated balance	75,00	76,83	77,19	79,08	81,05	83,04	85,11	87,19	89,37	91,55	93,83	96,13	98,53	100,51	
Cash dividend		1,83	0,36	1,89	1,97	2,00	2,07	2,08	2,17	2,19	2,28	2,30	2,39	1,98	25,51

Until the preference capital and accrued dividends have been repaid in full, the Company can only pay dividends or make other distributions to its holders of Shares provided that (i) all accrued and payable cash dividends to the holder(s) of Preference Shares have been paid, (ii) the Company after the relevant distribution has an equity value of at least USD 300 million and (iii) the relevant distribution does not exceed 50% of the net profits from the preceding financial year (provided, however, that a dividend in excess of such limit of 50% of the net profits may be permitted if the Company prior to paying such dividend repays an amount of the preference capital as further defined in the Preference Share Investment Agreement). From the date falling six years after the date of the issue of the Preference Shares (i.e. from 29 May 2024), the Company cannot pay any dividends prior to repaying the preference capital and accrued dividends in full.

The Preference Shares will, following the expiration of a one year lock-up period from the date of issue (during which they only can be transferred to an affiliate of Akastor ASA), be transferable, provided that they thereafter for a period of five years must be transferred at the same time to one buyer together with the Warrants (as described in Section 14.10 "Other financial instruments") unless such transfer is made to an affiliate of Akastor upon the prior written consent of the Company. After such five year period the Preference Shares will be freely transferrable.

The Company may, from the date falling twelve months after the date of issue (i.e. from 29 May 2019), call a portion or all of the Preference Shares at certain premiums (call price of 125%-100% of the preference capital plus accrued PIK interest, depending on the time elapsed since the issue date, with the addition of any accrued unpaid cash dividend) (the "**Call Option**").

In the event that the Company (i) makes any distributions in contravention of the restrictions on such distributions described above, (ii) undergoes any transactions with the result that Odfjell Partners Ltd. ceases to hold at least 25% of the voting rights or economic interest in the Company (including but not limited to a sale of Shares) or (iii) carries

out a sale of all of the Group's rigs (other than Deepsea Bergen), the Company shall be obliged to exercise the Call Option for all of the Preference Shares, provided, however, that the call price shall not exceed 115% of the preference capital plus accrued PIK interest, with the addition of any accrued unpaid cash dividend. In the event that the Company sells some (but not all) of its rigs (other than Deepsea Bergen), the holder(s) of Preference Shares may require the Company to repay an amount of the preference capital equal to USD 10 million per rig sold.

The Preference Share Investment Agreement also specifies certain other events of default, the occurrence of which entitle the holder(s) of Preference Shares to require that the Company, at the Company's discretion, either exercise the Call Option for all of the Preference Shares or procure that the Preference Shares are given voting rights in the Company as a class equal to 16,123,125 Shares. With respect to certain events of default, the Company may also be entitled to repay the preference amount without any premium.

In the event of a future spin-off from the Group and listing on the Oslo Stock Exchange of either the MODU segment or the Well Services and Drilling & Technology segments, the holder of the Preference Shares and the Warrants shall have the right to (i) keep the Preference Shares in the Company, (ii) convert the Preference Shares to preference shares in the spun-off company or (iii) select a combination of (i) and (ii).

In consideration for MPWirth (Singapore) Pte. Ltd.'s investment in the Preference Shares, the Company shall, pursuant to the Preference Share Investment Agreement, pay to MPWirth (Singapore) Pte. Ltd. a commitment fee of USD 5.75 million within 12 months after the date of issue of the Preference Shares.

#### 14.5 Share capital history

The table below shows the development in the Company's authorised share capital for the period from incorporation to the date hereof:

Date	Type of change	Change in authorised share capital (USD)	New authorised share capital (USD)	No. of authorised shares	Par value per share (USD)
16 November 2005	Authorised on incorporation	12,000	12,000	12,000	1
14 July 2010	Subdivision of shares	-	12,000	1,200,000,000	0.00001
14 July 2010	Increase of authorised share capital	6,000	18,000	1,800,000,000	0.00001
5 July 2013	Consolidation and increase of authorised share capital	2,282,000	2,300,000	230,000,000	0.01
16 May 2018	Increase of authorised share capital	500,000	2,800,000	280,000,000	0.01
28 May 2018	Issue of Preference Shares	200,000	3,000,000	300,000,000	0.01

The table below shows the development in the Company's issued share capital for the period from incorporation to the date hereof:

Date	Type of change	Change in issued share capital (USD)	New issued share capital (USD)	No. of issued shares	Par value per share (USD)
16 November 2005	Incorporation	12,000	12,000	12,000	1
14 July 2010	Subdivision of shares	-	12,000	1,200,000,000	0.00001
14 July 2010	Share issue	1,766.87078	13,766.87078	1,376,687,078	0.00001
5 July 2013	Consolidation and bonus issue	1,986,233.12922	2,000,000	200,000,000	0.01
15 September – 12 January 2015	Repurchase and cancellation of Shares	12,631	1,987,369	198,736,900	0.01
16 May 2018	Private Placement	380,000	2,367,369	236,736,900	0.01
28 May 2018	Issue of Preference Shares	161,231.25	2,528,600.25	252,860,025	0.01

#### 14.6 Admission to trading

The Shares are, and the Private Placement Shares and Offer Shares will be, admitted to trading on the Oslo Stock Exchange, however as the Private Placement was settled with existing and unencumbered Shares already listed on the Oslo Stock Exchange, pursuant to a share lending agreement between Odfjell Partners Ltd. as lender, the Joint Bookrunners and the Company respectively, the Shares allocated in the Private Placement were tradeable

immediately after allocation to investors on 20 April 2018. The Company currently expects commencement of trading on the Oslo Stock Exchange in the Private Placement Shares, which were redelivered to Odffjell Partners Ltd. pursuant to the share lending agreement, on or about 20 June 2018 and in the Offer Shares on or about 11 July 2018. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

#### 14.7 VPS registration of the Shares

The VPS maintains a branch register in addition to the principal share register of the Company maintained at the registered office of the Company in Bermuda pursuant to the provisions of the Bermuda Companies Act. Bermuda law permits the transfer of shares listed or admitted to trading on the Oslo Stock Exchange to be effected in accordance with the rules of the Oslo Stock Exchange (provided that it remains an Appointed Stock Exchange). Accordingly, the title to the Shares, including the Private Placement Shares and Offer Shares, will be evidenced and transferred without a written instrument by the VPS in accordance with the Bye-Laws, provided that they are listed or admitted to trading on the Oslo Stock Exchange. The Shares (and not only the beneficial interests in the Shares) are registered in the VPS.

#### 14.8 Ownership structure

As at 5 June 2018, the Company had 3,378 shareholders. The Company's 20 largest holders of Shares (excluding the Offer Shares and Preference Shares) as of the same date are shown in the table below.

#	Shareholders	Number of shares	Percent
1	ODFJELL PARTNERS LTD.....	142,000,000	59.98%
2	Deutsche Bank Aktien S/A DB LDN GPF CLT O.....	7,695,285	3.25%
3	Goldman Sachs & Co. GOLDMAN SACHS & CO.....	6,053,646	2.56%
4	JPMorgan Chase Bank, A/C FIDELITY NON TRE.....	5,450,046	2.30%
5	J.P. Morgan Securit JPMORGAN SEC PLC.....	3,778,511	1.60%
6	UBS AG London br. A/C CLIEN.....	3,112,689	1.31%
7	The Bank of New York C/O BNYMSANV RE BNYM.....	2,801,565	1.18%
8	FIDELITY SELECT PORT.....	2,531,294	1.07%
9	State Street Bank an A/C CLIENT OMNIBUS D.....	2,195,608	0.93%
10	JPMorgan Chase Bank, NORDEA TR UK.....	1,906,446	0.81%
11	JPMorgan Chase Bank, S/A ESCROW ACCOUNT.....	1,508,275	0.64%
12	Goldman Sachs Intern SECURITY CLIENT SEGR.....	1,462,420	0.62%
13	JPMorgan Chase Bank, HANDELSBANKENS NRD S.....	1,434,615	0.61%
14	MSIP Equity Morgan Stanley & Co.....	1,364,613	0.58%
15	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE.....	1,235,701	0.52%
16	Citibank, N.A. S/A DFA-INTL SML CAP.....	1,214,100	0.51%
17	J.P. Morgan Bank Lux JPMORGAN BANK LU5.....	1,178,396	0.50%
18	FIDELITY SELECT PORT.....	1,143,380	0.48%
19	The Bank of New York c/o BNYMSANV RE BNYM.....	1,126,258	0.48%
20	The Bank of New York c/o BNYMSANV RE BNYM.....	1,099,542	0.46%
	Total shareholding of 20 largest shareholders.....	190,292,390	80.38%
	Other shareholders.....	46,444,510	19.62%
	<b>Total</b> .....	<b>236,736,900</b>	<b>100%</b>

There are no differences in voting rights between the holders of Shares (excluding the Preference Shares). The Preference Shares do not carry any voting rights, although if there is an event of default on the Preference Shares, the Preference Shares may be given voting rights.

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.7 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act. As of the date of this Prospectus, the Company is not aware of any shareholder, other than Odffjell Partners Ltd., Fidelity, through nominee accounts having notified that it holds a shareholding below 10% of the share capital of the Company, and Akastor holding more than 5% or more of the issued shares, i.e. the Shares and the Preference Shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

#### 14.9 Share repurchase and treasury shares

Pursuant to the Bye-Laws, the Company may purchase its own shares for cancellation or acquire them as treasury shares on such terms and in such manner as may be authorised by the Board of Directors, subject to the Bermuda Companies Act. The Board of Directors may exercise all the powers of the Company to purchase its own Shares.

Neither the Company nor any of its subsidiaries holds any Shares at the date of this Prospectus.

#### 14.10 Other financial instruments

At the Special General Meeting of the Company held on 28 May 2018, it was inter alia resolved to authorise the Board of Directors to issue up to 5,925,000 warrants (the "**Warrants**") to MPWirth (Singapore) Pte. Ltd. (the designated affiliate of Akastor). The Company has issued 5,925,000 Warrants for a total consideration of USD 1.00. The issue of the Warrants was a condition for MPWirth (Singapore) Pte. Ltd.'s/Akastor's investment in the Preference Shares under the Preference Share Investment Agreement, as further described in Section 14.4 "The Preference Shares", and the Warrants were issued to MPWirth (Singapore) Pte. Ltd. on 29 May 2018.

The Warrants are issued in accordance with Bermuda law and are governed by a warrant investment agreement (the "**Warrant Investment Agreement**") entered into between the Company and MPWirth (Singapore) Pte. Ltd.

The Warrants will be exercisable in six equal tranches from 2019 to 2024. A tranche which has become exercisable may also be exercised on the exercise dates for the subsequent tranches if the conditions for such subsequent exercise(s) are satisfied. Each tranche may be exercised if the price of the Shares has increased by a defined percentage over the subscription price per Private Placement Share in the Private Placement (NOK 36) on the relevant exercise date (i.e. 31 May in 2019, 2020, 2021, 2022, 2023 and 2024 respectively), being NOK 43.20 for tranche 1, NOK 51.84 for tranche 2, NOK 62.21 for tranche 3, NOK 74.25 for tranche 4, NOK 89.58 for tranche 5 and NOK 107.50 for tranche 6. After 2024, any unexercised Warrants will, to the extent the thresholds have not been met, be exercisable on a linear basis as further determined in the Warrant Investment Agreement.

For each Warrant held, the holder shall be entitled to subscribe for one new common Share in the Company at a subscription price of USD 0.01.

The Warrants will, following the expiration of a one year lock-up period from the date of issue (during which they only can be transferred to an affiliate of Akastor ASA), be transferable, provided that they must be transferred at the same time to one buyer together with the Preference Shares.

The Warrants will become exercisable immediately in the event that the Company becomes obliged to exercise the Call Option with a premium not to exceed 115% for all of the Preference Shares as a result of an event of default under the Preference Share Investment Agreement, as further described in Section 14.4 "The Preference Shares", and in certain other events of default specified in the Warrant Investment Agreement (including, but not limited to, if the Shares are no longer listed on the Oslo Stock Exchange).

In the event of a future spin-off from the Group and listing on the Oslo Stock Exchange of either the MODU segment or the Well Services and Drilling & Technology segments, the holder(s) of the Warrants shall have the right to (i) keep the Warrants in the Company, (ii) convert the Warrants to warrants in the spun-off company or (iii) select a combination of (i) and (ii).

If all the Warrants are exercised, this will result in an immediate dilution of the existing Shares (including the Private Placement Shares) of 2.4%.

With the exception of the Warrants and the options issued to the CEO as described in Section 12.2.1 "Management - Overview", neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

#### 14.11 Shareholder rights

The Company has two classes of shares in issue (i.e. the common Shares and the Preference Shares). All the common Shares have equal rights to all such other shares in that class as set out in the Bye-Laws. The rights of the Preference Shares are described in Section 14.4 "The Preference Shares".

## **14.12 The memorandum of association, Bye-Laws and Bermuda law**

The Bye-Laws are set out in Appendix A to this Prospectus.

In the notice to the annual general meeting of shareholders summoned to 20 June 2018 it is based on the recommendation of the Board of Directors, proposed that the Company's Bye-laws be amended in order to (i) give the Board of Directors the power to issue any authorised but unissued shares of the Company at the Board of Director's discretion, which is common amongst Bermuda companies and to approve, ratify and confirm the exercise by the directors of the Company of any and all powers bestowed on the directors of the Company pursuant to the Company's Bye-laws; (ii) more align certain provisions of the Company's bye-laws with what is common for Bermuda companies, such as deleting the requirement for minority shareholders to require a shareholder who holds more than 90% of the shares to purchase their shares, increasing the amount of share capital which must be held by shareholders if they want to requisition a general meeting of shareholders from 5% to 10%, deleting the requirement allowing shareholders to bring up to two advisers with them to any general meeting, deleting the ability of shareholder to direct the chairman of a general meeting to adjourn a general meeting and deleting the right of shareholders to submit a motion of inquiry and adding in a shareholder waiver of any claim or right of action against a director or officer of the company on account of any action or failure to take any action in the performance of such director or officer's duties provided that such waiver does not extend to any matter in respect of any fraud or dishonesty of such director or officer and (iii) make certain changes to the notice provisions for calling and holding annual general meetings and special general meetings so the Company can call and hold such meetings in a manner similar to Norwegian companies listed on the Oslo Stock Exchange.

Below is a summary of provisions of the current Bye-Laws and certain aspects of applicable Bermuda law. If the amendments to the Bye-Laws are resolved at the annual general meeting of shareholders on 20 June 2018, of the below descriptions will no longer be accurate.

The Bye-Laws do not place more stringent conditions for the change of rights of holders than those required by the Bermuda Companies Act.

### *14.12.1 Objective of the Company*

The objects of the Company's business, as set out in paragraph 6 of its memorandum of association, are wide, and include carrying on any trade or business which can, in the opinion of the Board of Directors, be advantageously carried on by the Company. The Company can therefore, subject to the Board of Directors' opinion, undertake activities without restriction on its capacity.

### *14.12.2 Board of Directors*

The Bye-Laws provide that the Company shall be managed by the Board of Directors subject to the Bermuda Companies Act and the Bye-Laws. Generally, the Board of Directors may exercise the powers of the Company, except to the extent the Bermuda Companies Act or the Bye-Laws reserve such power to the shareholders.

The Board of Directors shall consist of not less than four directors or such number in excess thereof as the shareholders may determine.

Directors are elected by the shareholders, except in the case of a casual vacancy, at the annual general meeting or at any special general meeting called for that purpose, for such term of office as the shareholders determine, or, in the absence of such determination, until the annual general meeting held in the second year after the appointment or until their successors are elected or appointed or their office is otherwise vacated. If there is a vacancy of the Board of Directors occurring as a result of the death, disability, disqualification or resignation of any director or as a result of an increase in the size of the Board of Directors, the Board of Directors has the power to appoint a director to fill the vacancy.

A director may resign by providing notice in writing to the Company of such resignation. A director may be removed at any general meeting convened and held in accordance with the Bye-Laws, provided that the notice of any such meeting convened for the purpose of removing a Director contains a statement of the intention to remove the director and must be served on the director not less than 14 days before the meeting. The director shall be entitled to attend the meeting and be heard on the motion for such Director's removal. The office of a director of the Company shall be vacated if he or she (i) is removed from office pursuant to the Bye-Laws or is prohibited from being a director by

law; (ii) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally; (iii) is or becomes of unsound mind or dies, or (iv) resigns his office by notice to the Company.

A director may hold any office or act for the Company in any capacity (except as auditor). Provided a director discloses a direct or indirect interest in any contract or arrangement with the Company as required by Bermuda law and the Bye-Laws, such director is entitled to vote in respect of any such contract or arrangement in which he or she is interested unless he or she is disqualified from voting by the chairman of the relevant board meeting.

#### *14.12.3 Share rights*

The holders of Shares have no pre-emptive, redemption, conversion or sinking fund rights. The holders of Shares are entitled to one vote per Share on all matters submitted to a vote of the holders of Shares. Unless a different majority is required by law or by the Bye-Laws, resolutions to be approved by the holders of Shares require approval by a simple majority of votes cast at a meeting at which a quorum is present.

In the event of the liquidation, dissolution or winding up of the Company, the holders of Shares are entitled to share equally and rateably in its assets, if any, remaining after the payment of all of the Company's debts and liabilities, subject to any liquidation preference on any issued and outstanding preference shares.

Please see Section 14.4 "The Preference Shares" for information with respect to the rights for the holder of the preference shares.

#### *14.12.4 Variation of share rights*

If at any time the Company has more than one class of shares, the rights attaching to any class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of 75% of the issued shares of that class; or (ii) with the sanction of a resolution passed by a majority of the votes cast at a general meeting of the relevant class of shareholders at which a quorum consisting of at least two persons holding or representing one-third of the issued shares of the relevant class is present. The Bye-Laws specify that the creation or issue of Shares ranking equally with existing Shares will not, unless expressly provided by the terms of issue of existing Shares, vary the rights attached to existing Shares.

#### *14.12.5 Voting rights*

At any general meeting, every holder of Shares (and every holder of Preference Shares if such Preference Shares are given voting rights) present in person and every person holding a valid proxy shall have one vote on a show of hands. On a poll, every such holder of Shares (and every holder of Preference Shares if such Preference Shares are given voting rights) present in person or by proxy shall have one vote for every Share (and Preference Share) held.

Except where a greater majority is required by the Bermuda Companies Act or the Bye-Laws, any question proposed for the consideration of the shareholders at a general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with the provisions of the Bye-Laws and in case of an equality of votes the chairman of such meeting shall not be entitled to a second or deciding vote and the resolution shall fail.

#### *14.12.6 Amendment of the memorandum of association and the Bye-Laws*

The Bye-Laws provide that the memorandum of association of the Company may not be altered or amended, unless it shall have been approved by a resolution by the Board of Directors and by a resolution passed with simple majority at a general meeting of shareholders. The Bye-Laws further provide that no bye-law shall be rescinded, altered or amended, and no new bye-law shall be made, unless it shall have been approved by a resolution of the Board of Directors and by a resolution of the affirmative vote of not less than two-thirds of the Shares and votes represented at a general meeting of shareholders.

Under Bermuda law, the holders of an aggregate of not less than 20% in par value of the Company's issued share capital or any class thereof have the right to apply to the Supreme Court of Bermuda for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Bermuda Companies Act. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Supreme Court of Bermuda. An application for an annulment of an amendment of the memorandum of association must be made within 21 days after the date on which the resolution altering the Company's memorandum of association is



passed and may be made on behalf of persons entitled to make the application or by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favour of the amendment.

#### *14.12.7 General Meetings of shareholders*

The annual general meeting of the Company shall be held once in every year at such time and place as the chairman (if any) or any two directors or any director and the Secretary of the Company or the Board of Directors shall appoint. The chairman (if any) or any two directors or any director and the Secretary of the Company or the Board of Directors may whenever they think fit convene special general meetings of the Company. The Board of Directors shall also convene a special general meeting of the Company at the request of shareholders holding not less than one-twentieth of such of the paid-up share capital of the Company which carries the right to vote at a general meeting of the Company at the date of the request.

At least 21 days' notice of an annual general meeting shall be given to each shareholder entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of directors will take place thereat and, as far as practicable, the other business to be conducted at the meeting. At least 21 days' notice of a special general meeting shall be given to each shareholder entitled to attend and vote thereat, stating the date, place and time and the general nature of the business to be considered at the meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if such notice is agreed: (i) in the case of an annual general meeting by all of the shareholders entitled to attend and vote at such meeting; or (ii) in the case of a special general meeting by a majority in number of the shareholders entitled to attend and vote at the meeting holding not less than 95% in nominal value of the shares entitled to attend and vote at such meeting. The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Shareholders may participate in any general meeting by means of such telephonic, electronic or other communication facilities or means as permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such meeting shall constitute presence in person at such meeting. The Board of Directors may fix any date as the record date for determining the shareholders entitled to receive notice of and to vote at any general meeting. The Board of Directors may specify in the notice of a general meeting or in any document sent to the shareholders by or on behalf of the Board of Directors in relation to the meeting a date for determining the shareholders entitled to attend and vote at any general meeting provided that such date is not more than five days before the date fixed for the meeting. Except as otherwise provided in the Bye-Laws, the quorum at any general meeting of the Company shall be constituted by two or more persons, present in person and representing in person or by proxy, in excess of one-third of the total issued voting shares throughout the meeting.

#### *14.12.8 Dividend rights*

Under Bermuda law, a company may not declare or pay dividends, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that: (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) that the realisable value of its assets would thereby be less than its liabilities. "Contributed surplus" is defined for purposes of section 54 of the Bermuda Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company. Under the Company's Bye-Laws, each of the Shares are entitled to dividends, as and when dividends are declared by the Board of Directors, subject to any preferred dividend right of the holders of any preference shares. Any dividend payable in respect of a share which has remained unclaimed for 7 years from the date when it became due for payment, shall if the Board of Directors so resolves, be forfeited and cease to remain owing by the Company.

#### *14.12.9 Transfer of Shares*

The Bye-Laws provide that the Board of Directors may decline to register the transfer of any interest in any Share in the register of members or decline to direct any registrar, appointed by the Company, to register the transfer where such transfer would result in 50% or more of the shares or votes in the Company being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or connected to a Norwegian business activity, in order to avoid the Company being deemed a "Controlled Foreign Company" as such term is defined under the Norwegian tax rules.

Subject to the above, but notwithstanding anything else to the contrary in the Bye-Laws, shares that are listed or admitted to trading on an Appointed Stock Exchange may be transferred in accordance with the rules and regulations of such exchange. All transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of the VPS or any other relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board of Directors in accordance with the Bye-Laws. The Board of Directors shall refuse any transfer unless the registration of such transfer satisfies all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda. The Board of Directors may also refuse to recognise an instrument of transfer of a share unless it is accompanied by the relevant share certificate (if one has been issued) and such other evidence of the transferor's right to make the transfer as the Board of Directors shall reasonably require. Subject to these restrictions, a holder of Shares may transfer the title to all or any of his Shares by completing an instrument of transfer in the common form or in any other form as the Board of Directors may approve. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share the Board of Directors may accept the instrument signed only by the transferor. Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Bermuda Companies Act.

In accordance with Bermuda law, share certificates are only issued in the names of companies, partnerships or individuals. In the case of a shareholder acting in a special capacity (for example as a trustee), certificates may, at the request of the shareholder, record the capacity in which the shareholder is acting. Notwithstanding such recording of any special capacity, the Company is not bound to investigate or see to the execution of any such trust. The Company will take no notice of any trust applicable to any of the Shares, whether or not the Company has been notified of such trust.

See Section 2.8 "Risks related to the Company's incorporation in Bermuda" for a summary of the provisions in the Bye-Laws that contain provisions that could make it more difficult for a third party to acquire the Company without the consent of the Board of Directors.

#### *14.12.10 Amalgamations and mergers*

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation or merger agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company. On the date hereof the Company's Bye-Laws does not deviate from these requirements.

#### *14.12.11 Appraisal rights and other shareholder suits*

Under Bermuda law, in the event of an amalgamation or merger of a Bermuda company with another company or corporation, a shareholder of the Bermuda company who did not vote in favour of the amalgamation or merger and who is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the general meeting, apply to the Bermuda Supreme Court to appraise the fair value of those shares.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association or Bye-Laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

#### *14.12.12 Capitalisation of profits and reserves*

Pursuant to the Bye-Laws, the Board of Directors may (i) capitalise any part of the amount of the Company's share premium or other reserve accounts or any amount credited to the Company's profit and loss account or otherwise

available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro-rata (except in connection with the conversion of shares) to the shareholders; or (ii) capitalise any sum standing to the credit of a reserve account or sums otherwise available for dividend or distribution by paying up in full, partly paid or nil paid shares of those shareholders who would have been entitled to such sums if they were distributed by way of dividend or distribution.

#### *14.12.13 Untraced shareholders*

The Bye-Laws provide that the Board of Directors may forfeit any dividend or other monies payable in respect of any shares which remain unclaimed for seven years from the date when such monies became due for payment. In addition, the Company shall be entitled to cease sending dividend warrants and checks by post or otherwise to a shareholder if such instruments have been returned undelivered to, or left uncashed by, such shareholder on at least two consecutive occasions or, following one such occasion, reasonable enquires have failed to establish the shareholder's new address. This entitlement ceases if the shareholder claims a dividend or cashes a dividend check or a warrant.

#### *14.12.14 Access to books and records and dissemination of information*

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include the Company's certificate of incorporation, memorandum of association (including its objects and powers) and any alterations to the company's memorandum of association. The members of the Company have the additional right to inspect the Bye-Laws of the Company, minutes of general meetings and the Company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of the Company are also open for inspection by the members of the Company and directors of the Company without charge for not less than two hours during business hours each day subject to such reasonable restrictions as the Company may impose.

Except when the register of members is closed under the provisions of the Bermuda Companies Act, the register of members of a company shall during business hours (subject to such reasonable restrictions as the company may impose so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the general public without charge. A company may on giving notice by advertisement in an appointed newspaper close the register of members for any time or times not exceeding in the whole thirty days in a year. A company is required to maintain its register of members in Bermuda, however, a company the shares of which are listed on an Appointed Stock Exchange or have been offered to the public pursuant to a prospectus filed in accordance with the Bermuda Companies Act, or which is subject to the rules or regulations of a competent regulatory authority, may keep in any place outside Bermuda, one or more branch registers after giving written notice to the Bermuda Registrar of Companies of the place where each such register is to be kept. Any branch register of members established by the aforementioned is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any member of the public may require a copy of the register of members or any part thereof which must be provided within 14 days of a request on payment of the appropriate fee prescribed in the Bermuda Companies Act.

A company is required to maintain a register of directors and officers at its registered office and such register must during business hours (subject to such reasonable restrictions as the company may impose, so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the public without charge. Any member of the public may require a copy of the register of directors and officers, or any part of it, on payment of the appropriate fee prescribed in the Bermuda Companies Act.

Where a company, the shares of which are listed on an Appointed Stock Exchange, sends its summarised financial statements to its members pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements (as well as the summarised financial statements) must be made available for inspection by the public at the company's registered office.

#### *14.12.15 Winding-up*

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors (including contingent or prospective creditors) or its contributories. The Bermuda court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, the company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up thereof.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be deemed a "members' voluntary winding up". In any case where such declaration has not been made, the winding up will be deemed a "creditors' voluntary winding up".

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator is at any time of the opinion that the company will not be able to pay its debts in full in the period stated in the directors' declaration of solvency, he is obliged to summon a meeting of creditors and lay before the meeting a statement of the assets and liabilities of the company.

As soon as the affairs of the company are fully wound up via a members' voluntary winding up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account, and giving any explanation thereof. This final general meeting shall be called by advertisement in an appointed newspaper, published at least one month before the meeting. Within one week after the meeting the liquidator shall notify the Registrar of Companies in Bermuda that the company has been dissolved and the Registrar shall record that fact in accordance with the Bermuda Companies Act.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of the creditors of the company to be summoned for the day, or the next day following the day on which the meeting of the members at which the resolution for voluntary winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, the company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company and distributing the assets of the company, provided that if the creditors and the members nominate different persons, the person nominated by the creditors shall be the liquidator. If no person is nominated by the creditors, the person (if any) nominated by the members shall be liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' voluntary winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year and must lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year.

As soon as the affairs of the company are fully wound up via a creditors' voluntary winding up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before the meetings, and giving any explanation thereof. Each such meeting shall be called by advertisement in an appointed newspaper, published at least one month before the meeting. Within one week after the date of the meetings, or if the meetings are not held on the same date, after the date of the later meeting, the liquidator is required to send to the Registrar of Companies in Bermuda a copy of the account and make a return to him in accordance with the Bermuda Companies Act. The company will be deemed to be dissolved on the expiration of three months from the registration by the Registrar of Companies in Bermuda of the account and the return. However, a Bermuda court may, on the application of the liquidator or of some other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.

#### *14.12.16 Indemnification of directors and officers*

Section 98 of the Bermuda Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from

fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Bermuda Companies Act.

The Company has adopted provisions in the Bye-Laws that provide that the Company shall indemnify its officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty. Section 98A of the Bermuda Companies Act permits the Company to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, whether or not the Company may otherwise indemnify such officer or director. The Company has purchased and maintains a directors' and officers' liability policy for such a purpose.

#### *14.12.17 Compulsory purchase of shares*

Pursuant to the Bye-Laws, if a member holds more than 90% of the shares in the Company and an equivalent of the votes which may be cast at a general meeting of the Company (a "**Majority Shareholder**"), each of the other members may require that the Majority Shareholder purchases all of its, his or her respective shares in the Company by written notice to the Company and the Majority Shareholder. In the absence of an amicable agreement on the price payable by the Majority Shareholder for the relevant shares, the price shall be fixed at fair market value by a reputable and independent financial institution, auditor or accountancy firm (the "**Appraiser**"). In the event the parties are unable to agree on the identity of the Appraiser, the price shall be fixed at fair market value by arbitration conducted under the Bermuda International Conciliation and Arbitration Act 1993. In the absence of an amicable agreement on the selection of the arbitrator, the Supreme Court of Bermuda shall select the arbitrator.

## **15 SECURITIES TRADING IN NORWAY**

*Set out below is a summary of certain aspects of securities trading in Norway. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. The summary does not purport to be a comprehensive description of securities trading in Norway. Shareholders who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### **15.1 Introduction**

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As of 31 December 2017, the total capitalisation of companies listed on the Oslo Stock Exchange amounted to approximately NOK 2,512 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation as at 31 December 2017 amounted to approximately 38.3%.

The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange group with regards to, inter alia, trading systems for equities, fixed income and derivatives.

### **15.2 Trading and settlement**

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two days after the transaction, and that the seller will receive payment after two days.

SIX x-clear Ltd, a company in the SIX group, through its Norwegian branch, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

### **15.3 Information, control and surveillance**

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company. Inside information means precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

#### **15.4 The VPS and transfer of shares**

The VPS maintains a branch register in addition to the principal share register of the Company maintained at the registered office of the Company in Bermuda pursuant to the provisions of the Bermuda Companies Act. Bermuda law permits the transfer of shares listed or admitted to trading on the Oslo Stock Exchange to be effected in accordance with the rules of the Oslo Stock Exchange (provided that it remains an Appointed Stock Exchange). Accordingly, the title to the Shares will be evidenced and transferred without a written instrument by the VPS in accordance with the Bye-Laws, provided that they are listed or admitted to trading on the Oslo Stock Exchange. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **15.5 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot not vote in general meetings on behalf of the beneficial owners.

#### **15.6 Foreign investments in shares listed in Norway**

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

### **15.7 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

### **15.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

### **15.9 Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies not including the Company) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies not including the Company) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares



which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

### **15.10 Compulsory acquisition**

An acquiring party is under Bermuda law generally able to acquire compulsorily the common shares of minority holders in the following ways:

- By a procedure under the Bermuda Companies Act known as a "scheme of arrangement". A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of common shares, representing in the aggregate a majority in number and at least 75% in value of the common shareholders present and voting at a court ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, then upon the filing of the court order with the Bermuda Registrar of Companies, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.
- If the acquiring party is a company it may compulsorily acquire all the shares of the target company, by acquiring pursuant to a tender offer 90% of the shares or class of shares not already owned by, or by a nominee for, the acquiring party (the offeror), or any of its subsidiaries. If the offeror has within four months after the making of an offer for all the shares or class of shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares unless the Bermuda Supreme Court (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.
- Where one or more parties holds not less than 95% of the shares or a class of shares of a company, such holder(s) may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

### **15.11 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

The Bermuda Monetary Authority has given its consent for the issue and free transferability of the Shares to and between residents and non-residents of Bermuda for exchange control purposes provided that the Shares are listed on the Oslo Stock Exchange or other Appointed Stock Exchange. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to the Company's performance or its creditworthiness. Accordingly, in giving such consent or permissions, the Bermuda Monetary Authority shall not be liable for the financial soundness, performance or default of the Company's business or for the correctness of any opinions or statements expressed in this Prospectus. Certain issues and transfers of Shares

involving persons deemed resident in Bermuda for exchange control purposes require the specific consent of the Bermuda Monetary Authority.

The Company has been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows the Company to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on the Company's ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to non-residents who are holders of Shares.

## 16 TAXATION

Set out below is a summary of certain Bermuda and Norwegian tax matters related to an investment in the Company. The summary regarding Bermuda and Norwegian taxation are based on the laws in force in Bermuda and as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares. Shareholders who wish to clarify their own tax situation should consult and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or Non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

### 16.1 Bermuda taxation

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or by its shareholders in respect of the the Company's shares. The Company has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Company or to any of the Company's operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Company in respect of real property owned or leased by the Company in Bermuda.

### 16.2 Norwegian taxation

#### 16.2.1 Taxation of dividends

##### Norwegian Personal Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders at an effective tax rate of 30.59% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.33 which are then included as ordinary income taxable at a flat rate of 23%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 30.59%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free interest rate based on the effective rate of interest on treasury bills (*Nw.: statskasserveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realisation, of the same share. Any excess allowance will also be included in the basis for calculating the allowance the following years.

##### Norwegian Corporate Shareholders

Dividends distributed by companies resident in Bermuda for tax purposes, including dividends from the Company, received by Norwegian shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are taxable as ordinary income in Norway for such shareholders at a flat rate currently of 23%.

**Non-Norwegian Shareholders**

As a general rule, dividends received by Non-Norwegian shareholders from shares in Non-Norwegian companies are not subject to Norwegian taxation unless the Non-Norwegian shareholder holds the shares in connection with the conduct of a trade or business in Norway.

*16.2.2 Taxation of capital gains on realisation of shares***Norwegian personal shareholders**

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 30.59%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.33 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 23%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 30.59%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.2.1 "Taxation of dividends–Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

The Shares will not qualify for Norwegian share saving accounts (*Nw.: aksjesparekonto*) held by Norwegian Personal Shareholders since the Company is resident outside the European Economic Area for tax purposes.

**Norwegian Corporate Shareholders**

A capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of shares in the Company is taxable or tax deductible in Norway. The taxable gain/deductible loss per share is calculated as the difference between the consideration for the share and the Norwegian Corporate Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or disposal of the share. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at a rate of 23%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

If the Norwegian Corporate Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

**Non-Norwegian Shareholders**

As a general rule, capital gains generated by Non-Norwegian Shareholders are not taxable in Norway unless the Non-Norwegian Shareholder holds the shares in connection with the conduct of a trade or business in Norway.

*16.2.3 Taxation of subscription rights***Norwegian Personal Shareholders**

A Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

### **Norwegian Corporate shareholders**

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

### **Non-Norwegian Shareholders**

A Non-Norwegian (Personal or Corporate) Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

#### *16.2.4 Controlled Foreign Corporation (CFC) taxation*

Norwegian shareholders in the Company will be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations) if Norwegian shareholders directly or indirectly own or control (hereinafter together referred to as "**Control**") the shares of the Company.

Norwegian shareholders will be considered to Control the Company if:

- Norwegian shareholders Control 50% or more of the shares in the Company at the beginning of and at the end of a tax year; or
- If Norwegian shareholders Controlled the Company the previous tax year, the Company will also be considered Controlled by Norwegian shareholders in the following tax year unless Norwegian resident shareholders Control less than 50% of the shares at both the beginning and the end of the following tax year; or
- Norwegian shareholders Control more than 60% of the shares in the Company at the end of a tax year.

If less than 40% of the shares are Controlled by Norwegian shareholders at the end of a tax year, the Company will not be considered Controlled by Norwegian shareholders for Norwegian tax purposes.

Under the Norwegian CFC-regulations Norwegian shareholders are subject to Norwegian taxation on their proportionate part of the taxable net income generated by the Company (and relevant foreign companies of the Group), calculated according to Norwegian tax regulations, regardless of whether or not any dividends are distributed from the Company. Please also refer to Section 2.4 "Risks relating to laws, regulation and litigation" above.

#### *16.2.5 Net wealth tax*

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to 80% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 80%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian Shareholders are generally not subject to Norwegian net wealth tax. Non-Norwegian personal shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

#### *16.2.6 VAT and transfer taxes*

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

#### *16.2.7 Inheritance tax*

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

## **17 THE COMPLETED PRIVATE PLACEMENT AND THE TERMS OF THE SUBSEQUENT OFFERING**

### **17.1 The Private Placement**

#### *17.1.1 Overview*

At the Special General Meeting of the Company held on 16 May 2018, it was inter alia resolved to issue the 38,000,000 Private Placement Shares, at a subscription price of NOK 36 per Private Placement Share in the Private Placement, resulting in gross proceeds to the Company of NOK 1.368 billion, equivalent to approximately USD 175 million. The Private Placement was directed towards investors in Norway and other jurisdictions subject to applicable exemptions from registration, filing, prospectus and other requirements under applicable securities laws, (i) outside the United States in reliance on Regulation S under the U.S. Securities Act and (ii) in the United States to QIBs, as defined in Rule 144A under the U.S. Securities Act as well as to major U.S. institutional investors under SEC Rule 15a-6 to the U.S. Exchange Act.

The minimum subscription and allocation amount in the Private Placement was set to the NOK equivalent of EUR 100,000, provided, however, that the Company reserved the right to allocate an amount below EUR 100,000 to the extent applicable exemptions from the prospectus requirement pursuant to the Norwegian Securities Trading Act and ancillary regulations, or similar legislation in other jurisdictions, were available.

The Private Placement Shares were placed by the Joint Bookrunners to selected investors in the application period from 16:30 hours (CET) on 19 April 2018 to 20:35 hours (CET) on 19 April 2018 and the Company and the Joint Bookrunners entered into application agreements with the investors pursuant to which the investors undertook to subscribe for the Private Placement Shares.

The Private Placement was completed in order to secure equity financing of a new rig, and because of the volatile equity market it was considered to be in the best interest of the Company to secure such equity financing through a private placement.

The successful placing of the conditional Private Placement was announced through a stock exchange announcement on 19 April 2018.

#### *17.1.2 Resolution to issue the Private Placement Shares*

On 19 April 2018, the Board of Directors passed the following resolution authorising the issuance of the Private Placement Shares:

*"RESOLVED that the Private Placement be and is hereby approved, that the Allocation List be and is hereby approved, that the price of NOK 36 per share be approved and that 38,000,000 common shares of the Company of par value USD 0.01 each be and are hereby approved to be delivered by the Managers to such persons and in such numbers as is set out in the Allocation List by way of 38,000,000 borrowed common shares of the Company from Odfjell Partners Ltd. pursuant to the Share Lending Agreement.*

*RESOLVED that subject to and upon approval by the Company's shareholders at a Special General Meeting, 38,000,000 new common shares of the Company of par value USD 0.01 each be and are hereby issued to the Managers for redelivery to Odfjell Partners Ltd. (the "New Shares").*

*RESOLVED that, subject to approval of the issuance of the New Shares by the Company's shareholders, the New Shares when issued shall be validly issued, fully paid and non-assessable.*

*RESOLVED that, subject to approval of the issuance of the New Shares by the Company's shareholders, the transfer agent and/or Secretary of the Company be and is hereby instructed to update the register of members of the Company to reflect the issuance of the New Shares."*

A Special General Meeting of the Company passed on 16 May 2018 the following resolution authorising the Board of Directors to issue the Private Placement Shares:

*"RESOLVED that the Board of Directors be and is hereby authorized to issue up to 38,000,000 new common shares of the Company in connection with the private placement of new common shares of the Company."*

#### *17.1.3 Delivery and listing of the Private Placement Shares*

The Shares allocated in the Private Placement were, subject to timely payment of the application amount, delivered to the investors in the Private Placement on 24 April 2018.

The Private Placement was settled with existing and unencumbered Shares already listed on the Oslo Stock Exchange, pursuant to a share lending agreement between Od fjell Partners Ltd. as lender, the Joint Bookrunners and the Company. Hence, the Shares allocated in the Private Placement were tradeable immediately after allocation on 20 April 2018.

The Private Placement Shares were issued on 18 May 2018 and the Joint Bookrunners have settled the share loan from Od fjell Partners Ltd. with said Shares. The Private Placement Shares issued and delivered to Od fjell Partners Ltd. have been placed on a separate ISIN (BMG671801105) pending publication of this Prospectus, and will be transferred to the Company's regular ISIN, listed and admitted to trading on the Oslo Stock Exchange following publication of this Prospectus.

#### *17.1.4 The rights conferred by the Private Placement Shares*

The Private Placement Shares issued in the Private Placement are common Shares in the Company each having a par value of USD 0.01. The Private Placement Shares are issued in accordance with Bermuda law and in all respects rank pari passu with all other (common) Shares in issue, and will be eligible for any dividend that the Company may declare on the Shares after the delivery of the Private Placement Shares.

See Section 14 "Corporate information and description of share capital" for a more detailed description of the Shares.

#### *17.1.5 VPS registration*

The VPS maintains a branch register in addition to the principal share register of the Company maintained at the registered office of the Company in Bermuda pursuant to the provisions of the Bermuda Companies Act. Bermuda law permits the transfer of shares listed or admitted to trading on the Oslo Stock Exchange to be effected in accordance with the rules of the Oslo Stock Exchange (provided that it remains an Appointed Stock Exchange). Accordingly, the title to the Shares will be evidenced and transferred without a written instrument by the VPS in accordance with the Bye-Laws, provided that they are listed or admitted to trading on the Oslo Stock Exchange. The Private Placement Shares are registered in book-entry form with the VPS and have ISIN BMG671801105 pending the publication of this Prospectus. Following the publication of this Prospectus, the Private Placement Shares will be transferred to the Company's regular ISIN BMG671801022. The Company's registrar with the VPS is DNB Bank ASA, Registrar Department, 0021 Oslo, Norway.

#### *17.1.6 Dilution*

The Private Placement resulted in an immediate dilution of the existing Shares of approximately 16.0% and approximately 15.7% on a fully diluted basis taking into account the Warrants.

#### *17.1.7 Net proceeds and expenses related to the Private Placement*

The fees and expenses related to the Private Placement payable to the Joint Bookrunners and the Company's other advisors amounted to approximately USD 4 million. The fees payable to the Managers consisted of a mix of a fixed and an incentive fee. No expenses or taxes were charged by the Company or the Joint Bookrunners to the subscribers in the Private Placement.

Hence, the total net proceeds from the Private Placement were approximately USD 171 million. For a description of the use of such proceeds, see Section 5 "Reasons for the Private placement and the subsequent offering".

#### *17.1.8 Interest of natural and legal persons involved in the Private Placement*

The Joint Bookrunners or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Joint Bookrunners, their employees and any affiliate may currently own Shares in the Company. Furthermore, the Joint Bookrunners received fees in connection with the Private Placement and, as such, have an interest in the Private Placement. See Section 17.1.7 "Net proceeds and expenses related to the Private Placement" for information on fees to the Joint Bookrunners in connection with the Private Placement.

*17.1.9 Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies*

No major existing shareholders or members of the Company's management, supervisory or administrative bodies subscribed for or were allocated, Private Placement Shares in the Private Placement.

**17.2 The Subsequent Offering**

*17.2.1 Overview*

The Subsequent Offering consists of an offer by the Company to issue up to 3,775,162 Offer Shares at a Subscription Price of NOK 36 per Offer Share, thereby raising gross proceeds of up to approximately NOK 135.9 million. The Offer Shares will have a par value of USD 0.01 each.

Eligible Shareholders will be granted non-transferable Subscription Rights that, subject to certain limitations based on applicable laws and regulation, provide a right to subscribe for, and be allocated, Offer Shares at the Subscription Price in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will not be permitted.

The Offer Shares allocated in the Subsequent Offering are expected to be traded on the Oslo Stock Exchange from on or about 11 July 2018.

The Subscription Rights and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to QIBs as defined in Rule 144A pursuant to transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S.

This Prospectus does not constitute an offer of, or an invitation to purchase or subscribe, the Offer Shares and/or an offer of the Subscription Rights to subscribe for Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important information" and Section 18 "Selling and transfer restrictions".

*17.2.2 Use of proceeds*

The gross proceeds from the Subsequent Offering are expected to be approximately NOK 135.9 million, assuming that all the Offer Shares are issued. The net proceeds, if any, will be used for general corporate purposes.

*17.2.3 Resolution to issue the Offer Shares*

A Special General Meeting of the Company passed on 16 May 2018 the following resolution authorising the Board of Directors to issue the Offer Shares:

*"RESOLVED that the Board of Directors be and is hereby authorized to issue up to 4,327,778 new common shares of the Company in connection with the contemplated subsequent offering of new common shares of the Company."*

On 18 June 2018, the Board of Directors passed the following resolution authorising the issuance of the Offer Shares:

*"RESOLVED that the Subsequent Offering of up to 3,775,162 new common shares of the Company be made to the Company's shareholders as of 19 April 2018, as registered in the VPS on 23 April 2018, (i) who were not invited to apply for Private Placement Shares in the "pre-sounding" of the Private Placement, (ii) who were not allocated shares in the Private Placement (the "Eligible Shareholders") and (iii) who are not resident in a jurisdiction where such an offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action.*

*RESOLVED that Eligible Shareholders shall be granted non-transferrable preferential rights to subscribe for, and upon subscription, be allocated new common shares of the Company (the "Subsequent Offering Shares") at the same subscription price as in the Private Placement and that the subscription period of the Subsequent Offering shall commence immediately following approval of the prospectus by the Financial Supervisory Authority of Norway. Subscription without subscription rights and over-subscription will not be permitted.*



*RESOLVED that any director or officer of the Company be, and each of them hereby is, authorised to determine and approve, the exact number of Subsequent Offering Shares to be issued by the Company, as any director or officer may in his absolute and unfettered discretion determine and approve, with such determination and approval to be conclusively evidenced by such person's execution of one or more subscription agreements in relation to the Subsequent Offering (which shall set forth the exact number of common shares of the Company being subscribed by Eligible Shareholders and to be issued by the Company).*

*RESOLVED that the issuance, allotment and sale of such number of common shares of the Company, as determined and approved by any director or officer of the Company, by the Company to the Eligible Shareholders participating in the Subsequent Offering be and is hereby approved.*

*RESOLVED that all such Subsequent Offering Shares when issued shall be validly issued, fully paid and non-assessable.*

*RESOLVED that the transfer agent and/or Secretary of the Company be and is hereby instructed to update the register of members of the Company to reflect the issuance of the Subsequent Offering Shares."*

Following the end of the Subscription Period, the Board of Directors will on or about 4 July 2018 approve the completion of the Subsequent Offering, including the allocation and issuance of the Offer Shares. The Offer Shares are expected to be issued on or about 11 July 2018.

#### 17.2.4 Timetable

The timetable set out below provides certain indicative key dates for the Subsequent Offering:

Last day of trading in the Shares including Subscription Rights .....	19 April 2018
First day of trading in the Shares excluding Subscription Rights.....	20 April 2018
Record Date .....	23 April 2018
Subscription Period commences .....	20 June 2018 at 09:00 hours (CET)
Subscription Period ends .....	4 July 2018 at 16:30 hours (CET)
Allocation of the Offer Shares .....	Expected on or about 4 July 2018
Distribution of allocation letters .....	Expected on or about 5 July 2018
Payment Date.....	6 July 2018
Delivery of the Offer Shares .....	Expected on or about 11 July 2018
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange.....	Expected on or about 11 July 2018

#### 17.2.5 Subscription Price

The Subscription Price in the Subsequent Offering is NOK 36 per Offer Share, which is the same subscription price as in the Private Placement.

#### 17.2.6 Subscription Period

The Subscription Period will commence at 09:00 hours (CET) on 20 June 2018 and end at 16:30 hours (CET) on 4 July 2018. The Subscription Period may not be extended or shortened.

#### 17.2.7 Record Date for Eligible Shareholders

Eligible Shareholders who are registered in the VPS as of the Record Date (23 April 2018) will receive Subscription Rights.

Provided that the delivery of traded Shares was made with ordinary T+2 settlement in the VPS, Shares that were acquired until and including 19 April 2018 will give the right to receive Subscription Rights, whereas Shares that were acquired from and including 20 April 2018 will not give the right to receive Subscription Rights.

#### 17.2.8 Subscription Rights

Eligible Shareholders will be granted non-transferable Subscription Rights giving a right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Each Eligible Shareholder will be granted 0.084294 Subscription Right for every existing Share registered as held by such Eligible Shareholder on the Record Date. The number of Subscription Rights granted to each Eligible Shareholder will be rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for, and be

allocated, one Offer Share in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will not be permitted.

The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about 20 June 2018 under ISIN US67607L1171. The Subscription Rights will be distributed free of charge to Eligible Shareholders.

Subscription Rights of Shareholders holding their Shares through a nominee will not be credited to such nominees' VPS accounts, unless such nominees have provided the Company with information of the identity of the Shareholders holding shares through the nominee and thereby enabled the Company to verify that the underlying Shareholder is an Eligible Shareholder. The nominees have been sent a notification from the Company whereby the nominees have been requested to provide such information by 29 June 2018. To the extent that it is verified that the underlying Shareholders are Eligible Shareholders, the Company will instruct the Managers to, as far as possible, credit the relevant number of Subscription Rights to the nominee's VPS account. The Managers and the Company assumes no liability for any postal delays or other circumstances that prevent any Shareholders holding their Shares through a nominee to participate in the Subsequent Offering.

**The Subscription Rights must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e. 4 July 2018 at 16:30 hours (CET)). Subscription Rights that are not exercised before 4 July 2018 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus.**

Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares and Eligible Shareholders located in the United States who the Company does not reasonably believe to be a QIB (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders to subscribe for Offer Shares. The Company will instruct the Managers to, as far as possible, withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts with no compensation to the holder.

#### 17.2.9 Subscription procedures

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form (the "**Subscription Form**") to one of the Managers during the Subscription Period, or may, for subscribers who are residents of Norway with a Norwegian personal identification number, be made online as further described below.

The Eligible Shareholders will receive Subscription Forms that include information about the number of Subscription Rights allocated to the relevant Eligible Shareholder and certain other matters relating to its shareholding.

Correctly completed Subscription Forms must be received by one of the Managers at the following address or email address, or in the case of online subscriptions be registered, no later than 16:30 hours (CET) on 4 July 2018:

DNB Markets  
Dronning Eufemias gate 30  
P.O. Box 1600 Sentrum  
0021 Oslo  
Norway  
Tel: +47 23 26 81 01  
E-mail: retail@dnb.no  
www.dnb.no/emisjon

Danske Bank  
Bryggetorget 4  
P.O. Box 1170 Sentrum  
0107 Oslo  
Norway  
Tel: +47 85 40 55 00  
E-mail: emisjoner@danskebank.com  
www.danskebank.no/odfjelldrilling

**Subscribers who are Norwegian residents with a Norwegian personal identification number are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on [www.dnb.no/emisjon](http://www.dnb.no/emisjon) and [www.danskebank.no/odfjelldrilling](http://www.danskebank.no/odfjelldrilling) which will redirect the subscriber to the VPS online subscription system).** The VPS online subscription system is only available for individual persons and is not available for legal entities; legal entities must thus submit a Subscription Form in order to subscribe for Offer Shares.

None of the Company or the Managers may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by one of the Managers. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by one of the Managers or, in the case of applications through the VPS online subscription system, upon registration of the subscription. The subscriber is responsible for the correctness of the information filled into the Subscription Form or, in the case of applications through the VPS online subscription system, the online subscription registration. By signing and submitting a Subscription Form, or by registration of a subscription in the VPS online subscription system, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) and subscription without Subscription Rights will not be permitted.

Multiple subscriptions (i.e. subscriptions on more than one Subscription Form) are allowed. Note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

All subscriptions in the Subsequent Offering will be treated in the same manner regardless of which of the above Managers the subscriptions are placed with. Furthermore, all subscriptions in the Subsequent Offering will be treated in the same manner regardless of whether the subscription is made by delivery of a Subscription Form to one of the Managers or through the VPS online subscription system.

#### *17.2.10 Mandatory Anti-Money Laundering Procedures*

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of one of the Managers must verify their identity to the Manager with which the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by a Manager. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

#### *17.2.11 Financial intermediaries*

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e. brokers, custodians and nominees) should read this Section 17.2.11 "Financial intermediaries". All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder. Financial intermediaries holding Shares as nominee must also take into account that Subscription Rights of the underlying Shareholders only will be credited to such financial intermediary's VPS accounts if the financial intermediary has provided the Company with information about the

identity of the beneficial shareholders and the Company has verified that such beneficial shareholders are Eligible Shareholders. Please also refer to Section 17.2.8.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares are held.

#### 17.2.11.1 Subscription Rights

If an Eligible Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled, provided that financial intermediary provides the Company with the information required to verify that the Eligible Shareholder is an Eligible Shareholder. The relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering and, if not already done by the financial intermediary, instruct the financial intermediary to provide the Managers with the identity of the Shareholder and thereby enable the Company and the Managers to verify that the Shareholder is an Eligible Shareholder and credit the relevant number of Subscription Rights.

Eligible Shareholders who hold their Shares and Subscription Rights through a financial intermediary and who are Ineligible Shareholders will initially be credited Subscription Rights. Such credit specifically does not constitute an offer to Ineligible Shareholders. The Company will instruct the Managers to, as far as possible, withdraw the Subscription Rights from such financial intermediary's VPS accounts with no compensation to the holder, and in any event will Ineligible Shareholders not be entitled to exercise any received Subscription Rights.

#### 17.2.11.2 Subscription Period

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadlines will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

#### 17.2.11.3 Subscription

Any Eligible Shareholder who is not an Ineligible Shareholder, who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights and who has been verified as an Eligible Shareholder based on the information provided by the financial intermediary, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing one of the Managers of their exercise instructions.

See Section 18 "Selling and transfer restrictions" below for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions.

#### 17.2.11.4 Method of payment

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to one of the Managers no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

#### 17.2.12 Allocation of Offer Shares

Allocation of the Offer Shares will take place on or about 4 July 2018 in accordance with granted Subscription Rights which have been validly exercised during the Subscription Period. Each whole Subscription Right will give the right to subscribe for and be allocated one Offer Share.

No fractional Offer Shares will be allocated. The Company reserves the right to reject or reduce any subscription for Offer Shares not covered by Subscription Rights.

Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.

The result of the Subsequent Offering is expected to be published on or about 4 July 2018 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange information system and at the Company's website ([www.odjelldrilling.com](http://www.odjelldrilling.com)). Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 5 July 2018. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 09:00 hours (CET) on 5 July 2018. Subscribers who do not have access to investor services through their VPS account manager may contact DNB Markets on telephone number +47 23 26 81 01 from 09:00 hours (CET) on 5 July 2018 to obtain information about the number of Offer Shares allocated to them.

#### *17.2.13 Payment for the Offer Shares*

The payment for Offer Shares allocated to a subscriber falls due on 6 July 2018 (the "**Payment Date**"). Payment must be made in accordance with the requirements set out in Sections 17.2.13.1 "Subscribers who have a Norwegian bank account" or 17.2.13.2 "Subscribers who do not have a Norwegian bank account".

##### *17.2.13.1 Subscribers who have a Norwegian bank account*

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide DNB Markets (the "**Settlement Agent**") with a one-time irrevocable authorisation to debit a specified Norwegian bank account for the amount payable for the Offer Shares which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Settlement Agent is only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorises the Settlement Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who subscribe for an amount exceeding NOK 5 million by signing the Subscription Form provide the Settlement Agent with a one-time irrevocable authorisation to manually debit the specified bank account for the entire subscription amount.

##### *17.2.13.2 Subscribers who do not have a Norwegian bank account*

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact the Settlement Agent (DNB Markets) on telephone number +47 23 26 81 01 for further details and instructions.

##### *17.2.13.3 Overdue payments*

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum as of the date of this Prospectus. Should payment not be made when due, the Offer Shares allocated to such subscriber will not be delivered to the subscriber and the Managers, on behalf of the Company, reserve the right to cancel the order, to re-allot, assume ownership or to sell the allocated Shares at the expense and risk of the subscriber.

If Offer Shares are sold on behalf of any subscriber, such sale will be for the subscriber's account and risk (however, the subscriber shall not be entitled to profits therefrom, if any) and the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Managers as a result of or in connection with such sales, and the Company and/or the Manager may enforce payment of any amount outstanding in accordance with applicable law.

#### *17.2.14 Delivery of the Offer Shares*

Subject to timely payment of the entire subscription amount in the Subsequent Offering, the Company expects that the Offer Shares will be issued on or about 11 July 2018 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about the same day.

#### *17.2.15 Listing of the Offer Shares*

The Offer Shares are expected to be listed on the Oslo Stock Exchange under ISIN BMG671801022 and ticker code "ODL" on or about 11 July 2018.

The Shares are not listed, and no application has been filed for listing, on any other stock exchange or regulated market than the Oslo Stock Exchange.

#### *17.2.16 The rights conferred by the Offer Shares*

The Offer Shares will be issued in accordance with Bermuda law. The Offer Shares will in all respects rank pari passu with all other Shares in issue, and will be eligible for any dividend that the Company may declare on the Shares after the delivery of the Offer Shares through registration in the VPS (expected on or around 11 July 2018). For a description of rights attached to the Shares, see Section 14 "Corporate information and description of share capital".

#### *17.2.17 VPS registration*

The VPS maintains a branch register in addition to the principal share register of the Company maintained at the registered office of the Company in Bermuda pursuant to the provisions of the Bermuda Companies Act. Bermuda law permits the transfer of shares listed or admitted to trading on the Oslo Stock Exchange to be effected in accordance with the rules of the Oslo Stock Exchange (provided that it remains an Appointed Stock Exchange). Accordingly, the title to the Shares will be evidenced and transferred without a written instrument by the VPS in accordance with the Bye-Laws, provided that they are listed or admitted to trading on the Oslo Stock Exchange. The Offer Shares will when issued be registered in book-entry form with the VPS and have ISIN BMG671801022. The Company's registrar with the VPS is DNB Bank ASA, Registrar Department, 0021 Oslo, Norway.

#### *17.2.18 Dilution*

The Subsequent Offering will (assuming subscription of the maximum number of Offer Shares in the Subsequent Offering) result in an immediate dilution of the existing Shares (including the Private Placement Shares) of up to 1.60% and up to 1.56% taking into account the Warrants.

#### *17.2.19 Net proceeds and expenses related to the Subsequent Offering*

The Company will bear the legal fees and expenses related to the Subsequent Offering, which are estimated to amount to approximately NOK 600,000 (including VAT). No expenses or taxes will be charged by the Company or the Managers to the subscribers in the Subsequent Offering.

Hence, the total net proceeds from the Subsequent Offering are estimated to be approximately NOK 135.3 million, assuming that all the Offer Shares are issued. For a description of the use of such proceeds, see Section 17.2.2 "Use of proceeds".

#### *17.2.20 Interest of natural and legal persons involved in the Subsequent Offering*

The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own Shares in the Company. Further, in connection with the Subsequent Offering, the Managers, their employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities of the Company or

other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

*17.2.21 Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies in the Subsequent Offering*

The Company is not aware of whether any major shareholders of the Company or members of the Company's management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Subsequent Offering, or whether any person intends to subscribe for more than 5% of the Subsequent Offering. It is however noted that two members of Management being, Bengt Alvar Olsen and Janike A. Myre, are Eligible Shareholders in the Subsequent Offering.

*17.2.22 Publication of information relating to the Subsequent Offering*

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange information system to publish information relating to the Subsequent Offering.

*17.2.23 Governing law and jurisdiction*

The Subscription Forms and the terms and conditions of the Subsequent Offering shall be governed by, and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Subscription Forms or the Subsequent Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

## 18 SELLING AND TRANSFER RESTRICTIONS

### 18.1 General

The grant of Subscription Rights and the issue of the Offer Shares upon exercise of Subscription Rights to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase Offer Shares.

The Company is not taking any action to permit a public offering of the Subscription Rights and the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information purposes only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any territory other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Offer Shares and Subscription Rights, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Offer Shares and Subscription Rights could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer the Offer Shares and Subscription Rights to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should direct the recipient's attention to the contents of this Section 18 "Selling and transfer restrictions".

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, respectively, in the Subsequent Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, member states of the EEA that have not implemented the Prospectus Directive, the United States, Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan or any other jurisdictions in which it would not be permissible to grant the Subscription Rights and/or offer the Offer Shares (the "**Ineligible Jurisdictions**"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction or a citizen of an Ineligible Jurisdiction does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Shareholders or a person to whom the Subsequent Offering cannot be lawfully made (collectively, "**Ineligible Persons**") may not exercise Subscription Rights.

If an investor takes up Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Offer Shares, that investor will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- the investor is not an Ineligible Person;
- the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- unless the investor is a QIB, the investor is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Shares, the investor and any such person will be located outside the United States;
- the investor understands that the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act; and
- the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company and any persons acting on behalf of the Company, including the Managers, will rely upon the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.



If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorise the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise Subscription Rights and/or deal in the Offer Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

**The information set out in this Section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the Offer Shares, that investor should consult its professional adviser without delay.**

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Person and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering into any Ineligible Jurisdiction or to any Ineligible Person. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Company or the Managers to permit the possession of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Managers, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of Offer Shares and/or holder of Subscription Rights regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisers before subscribing for or purchasing Subscription Rights and/or Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for or purchase of Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

## 18.2 United States

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not and will not be offered, sold, taken up, exercised, pledged, resold, granted, delivered, allocated, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid.

The Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S. Any offering of the Subscription Rights and Offer Shares by the Company to be made in the United States will be made only to a limited number of QIBs pursuant to an exemption from registration under the U.S. Securities Act, each of whom have executed and returned an investor letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on an exemption from the provisions of section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, subject to certain limited exceptions, this Prospectus will not be sent to any shareholder with a registered address in the United States. In addition, the Company and the Managers reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the Offer Shares.

Any recipient of this Prospectus in the United States is hereby notified that this Prospectus has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorised to use it solely for the purpose of considering an investment in the Offer Shares in the Subsequent Offering and may not disclose any of the contents of this document or use any information herein for any other purpose. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Offer Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this Prospectus.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act.

The Subscription Rights and the Offer Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Subscription Rights and Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Offer Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Offer Shares that:

- (i) it is a "qualified institutional buyer" as defined in Rule 144A of the U.S. Securities Act, and that it has executed and returned an investor letter to the Company prior to exercising their Subscription Rights;
- (ii) it understands that such Offer Shares are "restricted securities" for purposes of the U.S. securities laws and may not be offered, sold, pledged or otherwise transferred except (i)(A) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (C) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (D) pursuant to any other available exemption from registration under the U.S. Securities Act or (E) pursuant to an effective registration statement under the U.S. Securities Act, and (ii) in accordance with all applicable federal and state securities laws of the United States; and

- (iii) the Subscription Rights and Offer Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act).

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold outside the United States will be deemed, by accepting delivery of the Prospectus or by its subscription for Offer Shares or purchase of Offer Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Offer Shares or purchasing Offer Shares, as the case may be, that:

- (i) it is acquiring the Subscription Rights and/or the Offer Shares from the Company or the Managers in an "offshore transaction" as defined in Regulation S; and
- (ii) the Subscription Rights and/or the Offer Shares have not been offered to it by the Company or the Managers by means of any "directed selling efforts" as defined in Regulation S.

The Managers are not SEC registered broker-dealers and will not be directly offering or selling Offer Shares into the United States. Any offer or sale of the Offer Shares in the United States will be made solely by one or more broker-dealers registered as such under the U.S. Securities Act. No action taken by the Company or any of the other Managers in the United States shall be attributed to the Managers.

### **18.3 United Kingdom**

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth entities and other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as Relevant Persons). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Each of the Managers has represented, warranted and agreed (i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company and (ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

### **18.4 European Economic Area**

In relation to each Relevant Member State, with effect from and including the date on which the EU Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), an offer to the public of any Offer Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made in that Relevant Member State, other than the offering in Norway as described in this Prospectus, once the Prospectus has been approved by the competent authority in Norway and published in accordance with the EU Prospectus Directive (as implemented in Norway), except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the EU Prospectus Directive, if they have been implemented in that Relevant Member State:

- a) to legal entities which are qualified investors as defined in the EU Prospectus Directive;
- b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- c) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of Offer Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or supplement a prospectus pursuant to Article 16 of the EU Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that member state by any measure implementing the EU Prospectus Directive in that Member State the expression "EU Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restrictions is in addition to any other selling restrictions set out in this Prospectus.

## 19 ADDITIONAL INFORMATION

### 19.1 Auditor and advisors

The Company's independent auditor is PricewaterhouseCoopers AS (PwC), with company registration number 987 009 713, and business address Dronning Eufemias gate 8, N-0191 Oslo, Norway. PwC and its auditors are members of Den Norske Revisorforening (The Norwegian Institute of Public Accountants).

The Company has engaged ABG Sundal Collier ASA, ABN AMRO Bank N.V., Danske Bank, Norwegian Branch, DNB Markets, a part of DNB Bank ASA, Nordea Bank AB (publ), filial i Norge, Pareto Securities AS and SpareBank 1 Markets AS as joint bookrunners for the Private Placement (the Joint Bookrunners) and DNB Markets, a part of DNB Bank ASA and Danske Bank, Norwegian Branch as managers for the Subsequent Offering (the Managers).

Advokatfirmaet Thommessen AS (Haakon VIIIs gate 10, N-0161 Oslo, Norway) is acting as Norwegian legal counsel to the Company and Conyers Dill & Pearman Limited (Clarendon House, 2 Church Street, Hamilton HM11, Bermuda) is acting as special Bermuda legal counsel to the Company.

Advokatfirmaet Wiersholm AS (Dokkveien 1, N-0250 Oslo, Norway) is acting as Norwegian legal counsel to the Joint Bookrunners.

### 19.2 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- The Company's Memorandum of Association and Bye-Laws;
- The Group's audited consolidated financial statements and the Company's subsidiaries audited financial statements as of and for the years ended 31 December 2017, 2016 and 2015; and
- This Prospectus.

### 19.3 Incorporation by reference

The information incorporated by reference in this Prospectus should be read in connection with the cross reference table set out below. Except as provided in this Section, no information is incorporated by reference in this Prospectus.

The Company incorporates by reference the Group's unaudited consolidated interim financial statements as of and for the three months' periods ended 31 March 2018 and 2017 and the Group's audited consolidated financial statements as of and for the years ended 31 December 2017, 2016 and 2015, as well as certain other documents set out below.

Section in the Prospectus	Disclosure requirement	Reference document and link	Page (P) in reference document
Section 10 and 11	Audited historical financial information (Annex XXIII, section 15.1 and 15.3)	<b>Financial Statements 2017:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=450047&amp;attachmentId=175460&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=450047&amp;attachmentId=175460&amp;obsvc.item=1</a>	P 56 – 105
Section 10 and 11	Audited historical financial information (Annex XXIII, section 15.1 and 15.3)	<b>Financial Statements 2016:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=425307&amp;attachmentId=161304&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=425307&amp;attachmentId=161304&amp;obsvc.item=1</a>	P 54 – 104
Section 10 and 11	Audited historical financial information (Annex XXIII, section 15.1 and 15.3)	<b>Financial Statements 2015:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=399455&amp;attachmentId=147838&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=399455&amp;attachmentId=147838&amp;obsvc.item=1</a>	P 33 – 76

Section 10.9	Audit report (Annex XXIII, section 15.4)	<b>Auditor's report 2017:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=450047&amp;attachmentId=175460&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=450047&amp;attachmentId=175460&amp;obsvc.item=1</a>	P 120 - 124
Section 10.9	Audit report (Annex XXIII, section 15.4)	<b>Auditor's report 2016:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=425307&amp;attachmentId=161304&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=425307&amp;attachmentId=161304&amp;obsvc.item=1</a>	P 118 - 123
Section 10.9	Audit report (Annex XXIII, section 15.4)	<b>Auditor's report 2015:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=399455&amp;attachmentId=147838&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=399455&amp;attachmentId=147838&amp;obsvc.item=1</a>	P 89 - 90
Section 10.2	Accounting policies (Annex I, section 20.1)	<b>Accounting principles:</b> Note 30/31 <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=450047&amp;attachmentId=175460&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=450047&amp;attachmentId=175460&amp;obsvc.item=1</a>	P 99 - 104
Section 10 and 11	Interim financial information (Annex XXIII, section 15.6)	<b>Interim Financial Statements Q1 2018:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=452190&amp;attachmentId=176848&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=452190&amp;attachmentId=176848&amp;obsvc.item=1</a>	P 11 - 33
		<b>Interim Financial Statements Q1 2017:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=428555&amp;attachmentId=163509&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=428555&amp;attachmentId=163509&amp;obsvc.item=1</a>	P 11 - 29
Section 14.4	N/A	<b>Terms and conditions of the Preference Shares:</b> <a href="https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=452335&amp;attachmentId=176894&amp;obsvc.item=1">https://newsweb.oslobors.no/obsvc/attachment.obsvc?messageId=452335&amp;attachmentId=176894&amp;obsvc.item=1</a>	P 5 - 13

## 20 DEFINITIONS AND GLOSSARY

Akastor .....	Akastor AS.
Anti-Money Laundering Legislation .....	The Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 No. 302.
Appointed Stock Exchange .....	An appointed stock exchange as such term is defined in the Bermuda Companies Act.
Appraiser .....	A financial institution, auditor or accountancy firm engaged to decide on the price of the shares in case of a compulsory purchase of shares pursuant to the Bye-Laws.
Appropriate Channels for Distribution .....	Distribution channels permitted by MiFID II.
backlog .....	Please refer to the definition in Section 11.3.3 "Backlog".
Bbl. ....	Unit of Brent oil.
Bermuda Companies Act .....	The Companies Act 1981, as amended, of Bermuda.
Bermuda Exchange Act .....	The Exchange Control Act 1972, as amended, of Bermuda.
Board of Directors .....	The board of directors of the Company.
BOP .....	Blowout preventer.
Bye-Laws .....	The Company's bye-laws attached hereto as Appendix A.
CAGR .....	Compound annual growth rate.
Call Option .....	The Company's option to, from the date falling twelve months after the date of issue, call a portion or all of the Preference Shares at certain premiums.
Capex .....	Capital expenditures.
CET .....	Central European Time.
CIRR .....	Commercial interest reference rate.
CISA .....	The Swiss Federal Act on Collective Investment Schemes.
Citi .....	Citi Bank Europe Plc.
Commercial Tranche .....	A seven year commercial facility initially of USD 130 million under a USD 530 million senior secured term facility agreement dated 7 May 2013 with Odfjell Rig III Ltd. as the borrower.
Company .....	Odfjell Drilling Ltd
Construction Contract .....	The contract between Odfjell Rig V Ltd. and SHI for the construction, purchase and delivery of Deepsea Nordkapp dated 27 January 2018.
Control .....	Direct or indirect ownership or control over shares of the Company.
Corporate Governance Code .....	The Norwegian Code of Practice for Corporate Governance last updated 30 October 2014.
CRTi .....	Casing Running Tool.
EBIT .....	Earnings before interest and tax.
EBITDA .....	Earnings before interest, tax, depreciation and amortisation.
EEA .....	The European Economic Area.
Eligible Shareholders .....	The shareholders of the Company as of 19 April 2018 (being registered as such in the VPS on the Record Date (23 April 2018)), except for shareholders (i) who were invited to apply for Private Placement Shares in the "pre-sounding" of the Private Placement and (ii) who were allocated Private Placement Shares in the Private Placement.
E&P .....	Exploration and production.
Escrow Agreement .....	The escrow agreement dated 30 March 2018.
EU .....	The European Union.
EU Prospectus Directive .....	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.
EUR .....	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
Financial Information .....	The Financial Statements and the Interim Financial Statements taken together.
Financial Statements .....	The Group's audited consolidated financial statements as of and for the years ended 31 December 2017, 2016 and 2015.
FSMA .....	The Financial Services and Markets Act 2000.

GBP.....	British pound, the lawful currency of the United Kingdom.
GBS AS.....	Odjell Global Business Services AS (reg. no. 919 580 240).
GIEK Tranche.....	A 10-year export credit facility by Eksportkreditt and GIEK initially of USD 200 million under the USD 530 million senior secured term facility agreement dated 7 May 2013 with Odjell Rig III Ltd. as the borrower.
Group.....	The Company together with its consolidated subsidiaries.
GTPL.....	General Third Party Liability.
HSE.....	Health, safety and environment.
IEA.....	International Energy Agency.
IFRS.....	International Financial Reporting Standards as adopted by the EU.
Ineligible Jurisdictions.....	Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Japan, the United States and any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares.
Ineligible Person.....	An Ineligible Shareholder or other person who is a resident of an Ineligible Jurisdiction.
Ineligible Shareholders.....	Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares and Eligible Shareholders located in the United States who the Company does not reasonably believe to be a QIB.
IT.....	Information technology.
Joint Bookrunners.....	ABG Sundal Collier ASA, ABN AMRO Bank N.V., Danske Bank, Norwegian Branch, DNB Markets, a part of DNB Bank ASA, Nordea Bank AB (publ), filial i Norge, Pareto Securities AS and SpareBank 1 Markets AS.
KEB.....	KEB HaNa Bank Samsung Center Branch.
Kexim Tranche.....	A 10-year export credit facility by the Export-Import Bank of Korea initially of USD 200 million under the USD 530 million senior secured term facility agreement dated 7 May 2013 with Odjell Rig III Ltd. as the borrower.
Listing.....	The listing of the common shares in Odjell Drilling Ltd on the Oslo Stock Exchange.
Majority Shareholder.....	A shareholder holding more than 90% of the Shares and an equivalent of the votes which may be cast at a general meeting of the Company.
Management.....	The Company's senior management team.
Managers.....	DNB Markets, a part of DNB Bank ASA and Danske Bank, Norwegian Branch.
MIFID II.....	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements.....	Means the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures.
MODU.....	Mobile Offshore Drilling Units.
NCS.....	Norwegian Continental Shelf.
Negative Target Market.....	Investors looking for full capital protection or full repayment of the amount invested in the Shares or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.
Net working capital.....	Non-current borrowings and current portion of non-current borrowings less cash.
NOK.....	Norwegian Kroner, the lawful currency of Norway.
Norwegian FSA.....	The Financial Supervisory Authority of Norway ( <i>Nw.: Finanstilsynet</i> ).
Norwegian Corporate Shareholders.....	Norwegian shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
Norwegian Personal Shareholders.....	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act.....	Norwegian Public Limited Companies Act of 13 June 1997 No 45 ( <i>Nw.: allmennaksjeloven</i> ).
Norwegian Securities Trading Act.....	The Norwegian Securities Trading Act of 29 June 2007 no. 75.
ODCC.....	Odjell Drilling and Consulting Company A/S.
Odjell Drilling.....	Odjell Drilling Ltd together with its consolidated subsidiaries.
Odjell Rig.....	Odjell Rig V Ltd.



OECD .....	Organisation for Economic Co-operation and Development.
Offer Shares .....	Up to 3,775,162 new common shares in the Company with a par value of USD 0.01 each, issued in the Subsequent Offering.
OPEC .....	Organisation of Petroleum Exporting Countries.
Order .....	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
Oslo Stock Exchange .....	Oslo Børs, a Norwegian stock exchange operated by Oslo Børs ASA.
Payment Date .....	6 July 2018, the date at which the payment for Offer Shares allocated to a subscriber falls due.
PFIC .....	Passive foreign investment company.
Positive Target Market .....	An end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MIFID II.
PP&E .....	Plant, property and equipment.
Preference Shares .....	16,123,125 preference shares in the share capital of the Company, each with a par value of USD 0.01.
Private Placement .....	The private placement completed on 19 April 2018 in which 38,000,000 new Shares, each with a par value of USD 0.01, were subscribed for by investors in such private placement.
Private Placement Shares .....	38,000,000 new Shares, each with a par value of USD 0.01, issued in the Private Placement.
Prospectus .....	This prospectus dated 19 June 2018.
Purchase Option .....	An exclusive option to purchase and take delivery of Deepsea Nordkapp from SHI, transferred from Akastor to Od fjell Rig V Ltd.
PwC .....	PricewaterhouseCoopers AS.
QHSE .....	Quality, health, safety and environment.
QIBs .....	Qualified institutional buyers as defined in Rule 144A.
Record Date .....	23 April 2018.
Regulation S .....	Regulation S under the U.S. Securities Act.
Relevant Implementation Date .....	The date on which the EU Prospectus Directive is implemented in that Relevant Member State.
Relevant Member State .....	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
Relevant Persons .....	Persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Rental Equipment .....	Equipment that the Group rents to clients.
Rule 144A .....	Rule 144A under the U.S. Securities Act.
Samsung .....	Samsung Heavy Industries Co., Ltd.
Seller's Credit .....	The seller's credit in the amount of USD 48,250,000 granted to Od fjell Rig V Ltd. under the Construction Contract.
Settlement Agent .....	DNB Markets.
SFA .....	The Securities and Futures Act, Chapter 289 of Singapore.
Share(s) .....	The existing common shares in the Company, the Private Placement Shares and the Offer Shares.
SPS .....	Special period survey of the drilling units to obtain re-classification.
Subscription Form .....	The subscription form for the subscription of Offer Shares, included in Appendix B.
Subscription Period .....	The subscription period in the Subsequent Offering that will commence on 09:00 hours (CET) on 20 June 2018 and expire at 16:30 hours (CET) on 4 July 2018.
Subscription Price .....	The subscription price for the Offer Shares in the Subsequent Offering.
Subscription Rights .....	Non-transferable subscription rights that, subject to applicable law, will give right to subscribe for, and be allocated, Offer Shares at the Subscription Price.
Subsequent Offering .....	The subsequent offering of up to 3,775,162 new Shares in the Company with a par value of USD 0.01 each.
SIX .....	The Swiss Exchange.
Target Market Assessment .....	The Positive Target Market and the Negative Target Market jointly.

TGS .....	TGS-NOPEC Geophysical Company ASA.
TRIF .....	Total recordable incident frequency rate.
UK .....	The United Kingdom.
UKCS .....	The UK Continental Shelf.
U.S. Exchange Act .....	The United States Exchange Act of 1934, as amended.
U.S. or United States.....	The United States of America.
U.S. Securities Act .....	The United States Securities Act of 1933, as amended.
USD .....	United States Dollars, the lawful currency of the United States of America.
VPS .....	The Norwegian Central Securities Depository ( <i>Nw.: Verdipapirsentralen</i> ).
VPS account .....	Account with the VPS for the registration of holdings of securities.
Yard or SHI.....	Samsung Heavy Industries Co., Ltd.
Warrants .....	5,925,000 warrants giving the right to subscribe for up to 5,925,000 new common shares in the Company subject to the terms set forth in the Warrant Investment Agreement.
Warrant Investment Agreement .....	The warrant investment agreement entered into between the Company and MHWirth (Singapore) Pte. Ltd. (as the affiliate designated by Akastor for this purpose).
2010 PD Amending Directive .....	Directive 2010/73/EU.

**APPENDIX A**

BYE-LAWS OF ODFJELL DRILLING LTD

**BYE-LAWS  
OF  
ODEJELL DRILLING LTD**

**Adopted:** 5 July 2013  
**Amended (56.1) :** 19 August 2013  
**Amended (39) :** 12 September 2013  
**Amended (39.4):** 30 June 2015  
**Amended (40):** 29 June 2016

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## INTERPRETATION

### 1. Definitions

1.1 In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Act	the Companies Act 1981 as amended from time to time;
Alternate Director	an alternate director appointed in accordance with these Bye-laws;
Auditor	includes an individual or partnership;
Board	the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the directors present at a meeting of directors at which there is a quorum;
Chairman	the Director of the Company appointed by the Board in accordance with these Bye-laws to perform any or all of the duties of the chairman of the Company;
Company	the company for which these Bye-laws are approved and confirmed;
Director	a director of the Company and shall include an Alternate Director;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
notice	written notice as further provided in these Bye-laws unless otherwise specifically stated;



Officer	any person appointed by the Board to hold an office in the Company;
Register of Directors and Officers	the register of directors and officers referred to in these Bye-laws;
Register of Members	the register of members referred to in these Bye-laws;
Resident Representative	any person appointed to act as resident representative and includes any deputy or assistant resident representative;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary; and
Treasury Share	a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled.

**1.2** In these Bye-laws, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:
  - (i) "may" shall be construed as permissive; and
  - (ii) "shall" shall be construed as imperative; and
- (e) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

**1.3** In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

- 1.4 Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

## SHARES

### 2. Power to Issue Shares

- 2.1 Subject to these Bye-laws, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall, subject to prior approval given by resolution of the Members, have the power to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe.
- 2.2 Subject to the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion).

### 3. Power of the Company to Purchase its Shares

- 3.1 The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit.
- 3.2 The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

### 4. Rights Attaching to Shares

- 4.1 Subject to any resolution of the Members to the contrary (and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares), the share capital shall be divided into shares of a single class the holders of which shall, subject to these Bye-laws:
- (a) be entitled to one vote per share;
  - (b) be entitled to such dividends as the Board may from time to time declare;
  - (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

4.2 All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Act and any other applicable laws and regulations, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

## 5. Calls on Shares

5.1 The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

5.2 Any amount which by the terms of allotment of a share becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for all the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.

5.3 The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.

5.4 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up or become payable.

## 6. Forfeiture of Shares

6.1 If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call  
[ ] (the "Company")

You have failed to pay the call of [amount of call] made on the [ ] day of [ ], 20[ ], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [ ] day of [ ], 20[ ], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [ ] per annum computed from the said [ ] day of [ ], 20[ ] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [ ] day of [ ], 20 [ ]

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[Signature of Secretary] By Order of the Board

- 6.2 If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Bye-laws and the Act.
- 6.3 A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.
- 6.4 The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

## 7. Depositary Interest

The Directors shall, subject to the Act, any other applicable laws and regulations, the facilities and requirements of the system maintained by Verdipapirsentralen ASA or any relevant system concerned and these Bye-laws, have the power to implement and/or approve any arrangements they may, in their absolute discretion, deem fit in relation to (without limitation) the evidencing of title to and the transfer of depository or similar interests in shares in the capital of the Company in the form of depository interests or similar interests, instruments or securities. The

Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements including, without limitation, treating holders of any depository or similar interests relating to shares as if they were the holders directly thereof for the purposes of compliance with any obligations imposed under these Bye-laws on Members.

## 8. Share Certificates

- 8.1 No share certificates shall be issued by the Company unless, in respect of a class of shares, the Board has either for all or for some holders of such shares (who may be determined in such manner as the Board thinks fit) determined that the holder of such shares may be entitled to share certificates. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all.
- 8.2 Subject to being entitled to a share certificate under the provisions of Bye-law 8.1, the Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.
- 8.3 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 8.4 Notwithstanding any provisions of these Bye-laws:
- (a) the Board shall, subject always to the Act and any other applicable laws and regulations and the facilities and requirements of the relevant system concerned, have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares by means of the system maintained by Verdipapirsentralen ASA or any other relevant system, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and
  - (b) unless otherwise determined by the Board and as permitted by the Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

## 9. Fractional Shares

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

## REGISTRATION OF SHARES

### 10. Register of Members

10.1 The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Act. Subject to the provisions of the Act, the Company may keep one or more branch registers in any place in or outside of Bermuda, and the Board may make, amend and revoke any such regulations as it may think fit respecting the keeping of such branch registers. The Board may authorise any share on the Register of Members to be included in a branch register or any share registered on a branch register to be registered on another branch register, provided that at all times the Register of Members is maintained in accordance with the Act.

10.2 The Register of Members shall be open to inspection without charge at the registered office of the Company on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. The Register of Members may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

### 11. Registered Holder Absolute Owner

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

### 12. Transfer of Registered Shares

12.1 Subject to the Act and to such of the restrictions contained in these Bye-Laws as may be applicable, any Member may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which the Board may approve. No such instrument shall be required on the redemption of a share or on the purchase by the Company of a share. All transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of the system maintained by Verdipapirsentralen ASA or any other relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board pursuant to Bye-Law 8.

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- 12.2 The instrument of transfer of a share shall be signed by or on behalf of the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.
- 12.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares (if one has been issued) to which it relates and by such other evidence as the Board may reasonably require to prove the right of the transferor to make the transfer.
- 12.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 12.5 The Board may decline to register a transfer of any share in the Register of Members, or if required, refuse to direct any registrar appointed by the Company the transfer of any interest in a share where such transfer would result in 50% or more of the issued and outstanding shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares or votes being effectively connected to a Norwegian business activity, in order to avoid the Company being deemed a "Controlled Foreign Company" pursuant to Norwegian tax rules.
- 12.6 The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.
- 12.7 Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Act.
- 12.8 Subject to Bye-law 12.5, but notwithstanding anything else contrary in these Bye-laws, shares that are listed or admitted to trading on an appointed stock exchange may be transferred in accordance with the rules and regulations of such exchange.

### 13. Transmission of Registered Shares

- 13.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the

shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

- 13.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

[ ] (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [ ] day of [ ], 20 [ ]

Signed by:

In the presence of:

\_\_\_\_\_

\_\_\_\_\_

Transferor

Witness

\_\_\_\_\_

\_\_\_\_\_

Transferee

Witness



- 13.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.
- 13.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

#### **14. Compulsory Purchase of Shares**

- 14.1 If a Member holds more than nine tenths of the shares in the Company and an equivalent of the votes which may be cast at a general meeting of the Company (a "Majority Shareholder"), each of the other Members (each a "Selling Shareholder") may require that the Majority Shareholder purchases all of its, his or her respective shares in the Company by written notice to the Company and the Majority Shareholder.
- 14.2 In the absence of an amicable agreement on the price payable by the Majority Shareholder for the relevant shares pursuant to a notice under Bye-law 14.1, the price shall be fixed at fair market value by a reputable and independent financial institution, auditor or accountancy firm (the "Appraiser"). In the event the parties are unable to agree on the identity of the Appraiser, the price shall be fixed at fair market value by arbitration conducted under the Bermuda International Conciliation and Arbitration Act 1993. The parties agree that there shall be a single arbitrator who shall be an accountant or specialist in the field of valuation (the "Arbitrator"). In the absence of an amicable agreement on the selection of the Arbitrator, the Supreme Court of Bermuda shall select the Arbitrator. The price fixed pursuant to this Bye-law 14.2 shall be binding for all purchase requests by the Members of the Company pursuant to Bye-law 14.1 for a period of three months from the date the price is fixed.

### **ALTERATION OF SHARE CAPITAL**

#### **15. Power to Alter Capital**

- 15.1 The Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.

- 15.2 Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

**16. Variation of Rights Attaching to Shares**

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**DIVIDENDS AND CAPITALISATION**

**17. Dividends**

- 17.1 The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.
- 17.2 The Board may fix any date as the record date for determining the Members entitled to receive any dividend.
- 17.3 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.
- 17.4 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

**18. Power to Set Aside Profits**

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

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**19. Method of Payment**

- 19.1** Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid through the system maintained by Verdipapirsentralen ASA or any other relevant system, or by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.
- 19.2** In the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one of them can give an effectual receipt for any dividend paid in respect of such shares.
- 19.3** The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls or otherwise.
- 19.4** Any dividend and or other moneys payable in respect of a share which has remained unclaimed for 7 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.
- 19.5** The Company shall be entitled to cease sending dividend cheques and warrants by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law 19.5 in respect of any Member shall cease if the Member claims a dividend or cashes a dividend cheque or warrant.

**20. Capitalisation**

- 20.1** The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members (except in connection with the conversion of shares of one class to shares of another class).
- 20.2** The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying

such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

## MEETINGS OF MEMBERS

### 21. Annual General Meetings

The annual general meeting of the Company shall be held in each year (other than the year of incorporation) at such time and place as the Chairman or any two Directors or any Director and the Secretary or the Board shall appoint.

### 22. Special General Meetings

The Chairman or any two Directors or any Director and the Secretary or the Board may convene a special general meeting whenever in their judgment such a meeting is necessary.

### 23. Requisitioned General Meetings

The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-twentieth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, forthwith proceed to convene a special general meeting and the provisions of the Act shall apply.

### 24. Notice

24.1 At least 21 days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

24.2 At least 21 days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

24.3 Subject to Bye-law 24.5, the Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting.

24.4 A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal

value of the shares giving a right to attend and vote thereat in the case of a special general meeting.

- 24.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 24.6 Notwithstanding any other provisions of these Bye-laws, in relation to any general meeting, or any class meeting of the Members or any adjourned meeting or any poll taken at a meeting or adjourned meeting of which notice is given, the Board may specify in the notice of the meeting or adjourned meeting or in any document sent to the Members by or on behalf of the Board in relation to the meeting, a time and date (a "Record Date") which is not more than five (5) days before the date fixed for the meeting (the "Meeting Date") and notwithstanding any provision in these Bye-laws to the contrary, in such case:
- (a) each person entered in the Register of Members at the Record Date as a Member, or a Member of the relevant class (a "Record Date Holder") shall be entitled to attend and vote at the relevant meeting and to exercise all of the rights and privileges of a Member or a Member of the relevant class, as applicable, in relation to that meeting in respect of the shares, or the shares of the relevant class, registered in such Member's name in the Register of Members (including, for the avoidance of doubt, a branch register) at the Record Date;
  - (b) as regards any shares, or shares of the relevant class, which are registered in the name of a Record Date Holder at the Record Date but are not so registered at the meeting date (the "Relevant Shares"), each holder of any Relevant Shares at the meeting date shall be deemed to have irrevocably appointed that Record Date Holder as his proxy for the purpose of attending and voting in respect of those Relevant Shares at the relevant meeting (with power to appoint, or to authorise the appointment of, some other person as proxy), in such manner as the Record Date Holder in his absolute discretion may determine;
  - (c) accordingly, except through his proxy pursuant to this Bye-law 24.6, a holder of Relevant Shares at the meeting date who is not a Record Date Holder, shall not be entitled to attend or to vote at the relevant meeting, or to exercise any of the rights or privileges of a Member or a Member of the relevant class, in respect of the Relevant Shares at that meeting; and
  - (d) the entry of the name of a person in the Register of Members as a Record Date Holder shall be sufficient evidence of his appointment as proxy in respect of any Relevant Shares for the purposes of this Bye-law 24.6, but all the provisions of these Bye-laws relating to execution and deposit of an instrument appointing a

proxy or any ancillary matter (including the Board's powers and discretions relevant to such matter) shall apply to any instrument appointing any person other than the Record Date Holder as proxy in respect of any Relevant Shares.

## 25. Giving Notice and Access

25.1 A notice may be given by the Company to a Member:

- (a) by delivering it to such Member in person; or
- (b) by sending it by letter mail or courier to such Member's address in the Register of Members; or
- (c) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose; or
- (d) by delivering it in accordance with the provisions of the Act pertaining to delivery of electronic records by publication on a website.

25.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

25.3 Any notice delivered in accordance with Bye-law 25.1(a), 25.1(b) or 25.1(c) shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, delivered to the courier, or transmitted by electronic means. Any notice delivered in accordance with Bye-law 25.1(d) shall be deemed to have been delivered at the time when the requirements of the Act in that regard have been met.

**26. Postponement or Cancellation of General Meeting**

The Secretary may, and on the instruction of the Chairman or the chairman of such meeting the Secretary shall, postpone or cancel any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement or cancellation is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed or cancelled meeting shall be given to each Member in accordance with these Bye-laws.

**27. Electronic Participation and Security in Meetings**

**25.1** Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

**25.2** The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.

**28. Quorum at General Meetings**

**28.1** At any general meeting two or more persons present in person and representing in person or by proxy in excess of one-third of the total issued voting shares in the Company throughout the meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting held during such time.

**28.2** If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

**29. Chairman to Preside at General Meetings**

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman shall act as chairman at all general meetings at which such person is present. If the Chairman is absent, a chairman shall be appointed or elected by those present at the meeting and entitled to vote.

**30. Voting on Resolutions**

**30.1** Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes the resolution shall fail.

**30.2** No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

**30.3** At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Bye-laws, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand.

**30.4** In the event that a Member participates in a general meeting by telephone, electronic or other communication facilities or means, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands.

**30.5** At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

**30.6** At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

**31. Power to Demand a Vote on a Poll**

**31.1** Notwithstanding the foregoing, a poll may be demanded by any of the following persons:

- (a) the chairman of such meeting; or



- (b) at least three Members present in person or represented by proxy; or
  - (c) any Member or Members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or
  - (d) any Member or Members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.
- 31.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 31.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.
- 31.4 Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman of the meeting for the purpose and the result of the poll shall be declared by the chairman of the meeting.

## 32. Voting by Joint Holders of Shares

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

### 33. Instrument of Proxy

33.1 A Member may appoint a proxy by an instrument which shall be in writing in substantially the following form or such other form as the chairman of the meeting shall accept:

Proxy  
[        ] (the "Company")

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on the [ ] day of [ ], 20[ ] and at any adjournment thereof. (Any restrictions on voting to be inserted here.)

Signed this [ ] day of [ ], 20[ ]

\_\_\_\_\_  
Member(s)

33.2 The instrument appointing a proxy must be received by the Company at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the instrument appointing a proxy proposes to vote, and an instrument appointing a proxy which is not received in the manner so prescribed shall be invalid.

33.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

33.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

33.5 In addition to the right to be represented by a proxy, a Member may bring up to two advisers to any general meeting and may grant one such adviser the right to speak.

### 34. Representation of Corporate Member

34.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so

authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

34.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

### 35. Adjournment of General Meeting

35.1 The chairman of any general meeting at which a quorum is present may with the consent of Members holding a majority of the voting rights of those Members present in person or by proxy (and shall if so directed by Members holding a majority of the voting rights of those Members present in person or by proxy), adjourn the meeting.

35.2 In addition, the chairman of a general meeting may adjourn the meeting to another time and place without such consent or direction of the Members if it appears to him that:

- (a) it is likely to be impractical to hold or continue that meeting because of the number of Members wishing to attend who are not present; or
- (b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or
- (c) an adjournment is otherwise clearly necessary so that the business of the meeting may be properly conducted.

34.3 The chairman of a general meeting may, with the consent of the Members at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

### 36. Written Resolutions

36.1 Subject to these Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting be done by written resolution in accordance with this Bye-law.

36.2 Notice of a written resolution shall be given, and a copy of the resolution shall be circulated to all Members who would be entitled to attend a meeting and vote thereon.

The accidental omission to give notice to, or the non-receipt of a notice by, any Member does not invalidate the passing of a resolution.

- 36.3** A written resolution is passed when it is signed by, or in the case of a Member that is a corporation, on behalf of, the Members who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a meeting of Members at which all Members entitled to attend and vote thereat were present and voting.
- 36.4** A resolution in writing may be signed in any number of counterparts.
- 36.5** A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.
- 36.6** A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Act.
- 36.7** This Bye-law shall not apply to:
- (a) a resolution passed to remove an Auditor from office before the expiration of his term of office; or
  - (b) a resolution passed for the purpose of removing a Director before the expiration of his term of office.
- 36.8** For the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last Member whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date.

### **37. Directors' and the Auditor's Attendance at General Meetings**

The Directors and Chief Executive Officer shall be entitled to receive notice of, attend and be heard at any general meeting, and the Chairman of the Board and the Chief Executive Officer shall attend general meetings where possible. The auditor of the Company shall receive notice of, attend and be heard at any general meeting in which the nature of the matters on the agenda so requires, and the auditor has for any general meeting a right to receive notice, attend and be heard.

**38. Motion for Inquiry**

A Member may submit a motion requiring an inquiry into the Company's incorporation, management or further specified aspects of the management or the accounts of the Company by written notice to the Company one week prior to the notice of the annual general meeting or the special general meeting being sent to Members. The motion may be submitted at an annual general meeting or at a special general meeting of the Company for which the convening notice states that an item on such an inquiry is to be discussed. If the motion is approved by Members holding at least one-twentieth of the share capital and voting rights represented at the general meeting and is based on reasonable grounds, the Company shall engage one or more independent persons to conduct the inquiry. The persons conducting the inquiry shall submit a written inquiry report to the Company. The Company shall convene a general meeting to discuss the inquiry report, and the report must be sent to each Member with a known address no later than one week prior to the meeting.

**DIRECTORS AND OFFICERS****39. Election of Directors**

Amended  
12/9/2013

**39.1** The Board shall be elected or appointed in the first place at the statutory meeting of the Company and thereafter, except in the case of a casual vacancy, at the annual general meeting or at any special general meeting called for that purpose.

**39.2** Only persons who are proposed or nominated in accordance with this Bye-law 39 shall be eligible for election as a Director. Subject to these Bye-laws, any Member, the Board or the nomination committee may propose any person for re-election or election as a Director in accordance with this Bye-law 39.

**39.3** Where any person, other than a Director retiring at the meeting or a person proposed for re-election or election as a Director by the Board or the nomination committee, is to be proposed for election as a Director, notice must be given to the Company of the intention to propose him and of his willingness to serve as a Director. Whether a Director is to be elected at an annual general meeting or a special general meeting, that notice must be given not less than 21 days before the date of such general meeting.

Amended  
30/6/2015

**39.4** The Company in general meeting may appoint a nomination committee (the "nomination committee"), comprising such number of persons as the Members may determine in general meeting from time to time, and members of the nomination committee shall be appointed by resolution of the Members. Members and the Board may suggest candidates for the election of Directors to the nomination committee provided such suggestions are in accordance with any nomination committee guidelines or corporate governance rules adopted by the Company in general meeting from time to time and Members, Directors and the nomination committee may also propose any

person for election as a Director in accordance with Bye-laws 39.2 and 39.3. The nomination committee may or may not recommend any candidates suggested or proposed by any Member or the Board in accordance with any nomination committee guidelines or corporate governance rules adopted by the Company in general meeting from time to time. The nomination committee may provide recommendations on the suitability of candidates for the Board, as well as the remuneration of the members of the Board. The Members at any general meeting may stipulate guidelines for the duties of the nomination committee.

**39.5** Where persons are validly proposed for re-election or election as a Director, the persons receiving the most votes (up to the number of Directors to be elected) shall be elected as Directors, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.

**39.6** At any general meeting the Members may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

#### **40. Number of Directors**

Amended  
29/06/2016

The Board shall consist of not less than four Directors or such number in excess thereof as the Members may determine.

#### **41. Term of Office of Directors**

Directors shall hold office for such term as the Members may determine or, in the absence of such determination, until the annual general meeting held in the second year after the appointment or until their successors are elected or appointed or their office is otherwise vacated.

#### **42. Alternate Directors**

**42.1** At any general meeting, the Members may elect a person or persons to act as a Director in the alternative to any one or more Directors or may authorise the Board to appoint such Alternate Directors.

**42.2** Unless the Members otherwise resolve, any Director may appoint a person or persons to act as a Director in the alternative to himself by notice deposited with the Secretary.

**42.3** Any person so elected or appointed pursuant to this Bye-law shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present.

- 42.4 An Alternate Director shall be entitled to receive notice of all meetings of the Board and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.
- 42.5 An Alternate Director's office shall terminate –
- (a) in the case of an alternate elected by the Members:
    - (i) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to the Director for whom he was elected to act, would result in the termination of that Director; or
    - (ii) if the Director for whom he was elected in the alternative ceases for any reason to be a Director, provided that the alternate removed in these circumstances may be re-appointed by the Board as an alternate to the person appointed to fill the vacancy; and
  - (b) in the case of an alternate appointed by a Director:
    - (i) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to his appointor, would result in the termination of the appointor's directorship; or
    - (ii) when the Alternate Director's appointor revokes the appointment by notice to the Company in writing specifying when the appointment is to terminate; or
    - (iii) if the Alternate Director's appointor ceases for any reason to be a Director.

#### 43. Removal of Directors

- 43.1 Subject to any provision to the contrary in these Bye-laws, the Members entitled to vote for the election of Directors may, at any special general meeting convened and held in accordance with these Bye-laws, remove a Director provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

43.2 If a Director is removed from the Board under this Bye-law the Members may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

#### 44. Vacancy in the Office of Director

44.1 The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;
- (b) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
- (c) is or becomes of unsound mind or dies; or
- (d) resigns his office by notice to the Company.

44.2 The Board shall have the power to appoint any person as a Director to fill a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any Director or as a result of an increase in the size of the Board and to appoint an Alternate Director to any Director so appointed.

#### 45. Remuneration of Directors

The remuneration (if any) of the Directors shall be determined by the Company in general meeting and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings, or in connection with the business of the Company or their duties as Directors generally.

#### 46. Defect in Appointment

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

#### 47. Directors to Manage Business

47.1 The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the



Company as are not, by the Act or by these Bye-laws, required to be exercised by the Company in general meeting.

- 47.2 The affairs of the Company shall not be conducted in a manner oppressive or prejudicial to the interests of some part of the Members. In the event the affairs of the Company are conducted in such a manner, any Member may make an application to the Supreme Court of Bermuda pursuant to the Act.

#### 48. Powers of the Board of Directors

The Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company and listing the shares of the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or

entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board;

- (h) delegate any of its powers (including the power to sub-delegate) for a specific purpose to any person on such terms and in such manner as the Board may see fit, including any restrictions that the Board may determine at the time of delegation;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

**49. Register of Directors and Officers**

The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers and shall enter therein the particulars required by the Act.

**50. Appointment of Officers**

The Board may appoint such Officers (who may or may not be Directors) as the Board may determine for such terms as the Board deems fit.

**51. Appointment of Secretary**

The Secretary shall be appointed by the Board from time to time for such term as the Board deems fit.

**52. Duties of Officers**

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

**53. Remuneration of Officers**

The Officers shall receive such remuneration as the Board may determine.

#### 54. Conflicts of Interest

- 54.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's associated firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.
- 54.2 A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Act.
- 54.3 Following a declaration being made pursuant to this Bye-law, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting.

#### 55. Related Party Transactions

All transactions between the Company and its Members, Directors or Officers shall be based on arms' length terms and conditions. In the event of any material transactions between the Company and its Members, Directors or Officers, the Company shall arrange for a valuation to be obtained from a reputable and independent financial institution, auditor or accountancy firm.

#### 56. Indemnification and Exculpation of Directors and Officers

- 56.1 The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an "indemnified party"), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or

Amended  
19/8/2013

effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties.

- 56.2** The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him under the Act in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.
- 56.3** The Company may advance moneys to a Director or Officer for the costs, charges and expenses incurred by the Director or Officer in defending any civil or criminal proceedings against him, on condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty in relation to the Company is proved against him.

## MEETINGS OF THE BOARD OF DIRECTORS

### **57. Board Meetings**

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Subject to these Bye-laws, a resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

### **58. Notice of Board Meetings**

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

### **59. Electronic Participation in Meetings**

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each

other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

**60. Quorum at Board Meetings**

The quorum necessary for the transaction of business at a meeting of the Board shall be the majority of the Directors in office.

**61. Board to Continue in the Event of Vacancy**

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

**62. Chairman to Preside**

Unless otherwise agreed by a majority of the Directors attending, the Chairman shall act as chairman at all meetings of the Board at which such person is present. If the Chairman is absent, a chairman shall be appointed or elected by the Directors present at the meeting.

**63. Written Resolutions**

A resolution signed by all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Board duly called and constituted, such resolution to be effective on the date on which the last Director signs the resolution. For the purposes of this Bye-law only, "the Directors" shall not include an Alternate Director.

**64. Validity of Prior Acts of the Board**

No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

## **CORPORATE RECORDS**

**65. Minutes**

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;

- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

**66. Place Where Corporate Records Kept**

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

**67. Form and Use of Seal**

- 67.1** The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.
- 67.2** A seal may, but need not, be affixed to any deed, instrument or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director, or (ii) any Officer, or (iii) the Secretary, or (iv) any person authorised by the Board for that purpose.
- 67.3** A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

## ACCOUNTS

**68. Records of Account**

- 68.1** The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:
- (a) all amounts of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
  - (b) all sales and purchases of goods by the Company; and
  - (c) all assets and liabilities of the Company.
- 68.2** Such records of account shall be kept at the registered office of the Company, or subject to the Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

**69. Financial Year End**

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31<sup>st</sup> December in each year.

## AUDITS

### 70. Annual Audit

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

### 71. Appointment of Auditor

71.1 Subject to the Act, at the annual general meeting or at a subsequent special general meeting in each year, an independent representative of the Members shall be appointed by them as Auditor of the accounts of the Company.

71.2 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

71.3 A Member or Members representing at least one-twentieth of the share capital may request in writing to the Company that the Board appoints an additional auditing firm to review the accounts of the Company in addition to the Company's Auditor appointed pursuant to Bye-law 71.1 or Bye-law 77 as applicable if such request is based on reasonable grounds. For the avoidance of doubt, an auditing firm appointed pursuant to this Bye-law 71.3 is not the Company's auditor for the purposes of the Act. The remuneration of an auditing firm appointed pursuant to this Bye-law 71.3 shall be fixed by the Board.

### 72. Remuneration of Auditor

Save in the case of an Auditor appointed pursuant to Bye-law 77, the remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine. In the case of an Auditor appointed pursuant to Bye-law 77, the remuneration of the Auditor shall be fixed by the Board.

### 73. Duties of Auditor

73.1 The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

73.2 The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

**74. Access to Records**

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers for any information in their possession relating to the books or affairs of the Company.

**75. Financial Statements**

Subject to any rights to waive laying of accounts pursuant to the Act, financial statements as required by the Act shall be laid before the Members in general meeting annually. A resolution in writing made in accordance with Bye-law 36 receiving, accepting, adopting, approving or otherwise acknowledging financial statements shall be deemed to be the laying of such statements before the Members in general meeting.

**76. Distribution of Auditor's Report**

The report of the Auditor shall be submitted to the Members in general meeting.

**77. Vacancy in the Office of Auditor**

The Board may fill any casual vacancy in the office of the auditor.

**VOLUNTARY WINDING-UP AND DISSOLUTION****78. Winding-Up**

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

**CHANGES TO CONSTITUTION****79. Changes to Bye-laws**

No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and



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by a resolution of the Members including the affirmative vote of not less than two-thirds of the shares and votes represented in the general meeting.

**80. Changes to the Memorandum of Association**

No alteration or amendment to the Memorandum of Association may be made save in accordance with the Act and until same has been approved by a resolution of the Board and by a resolution of the Members.

**81. Discontinuance**

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

**APPENDIX B**

SUBSCRIPTION FORM FOR THE SUBSEQUENT OFFERING

**ODFJELL DRILLING LTD.  
SUBSEQUENT OFFERING**

**SUBSCRIPTION FORM**  
Securities no. ISIN  
**BMG671801022**

**General information:** The terms and conditions for the Subsequent Offering are set out in the prospectus dated 19 June 2018 (the "**Prospectus**"), which has been issued by Odfjell Drilling Ltd (the "**Company**") in connection with the listing of the 38,000,000 Private Placement Shares and the offer for and listing of up to 3,775,162 new common shares in the Company, each with a par value of USD 0.01 (the "**Offer Shares**"). All capitalised terms not defined herein shall have the meaning assigned to them in the Prospectus. All announcements referred to in this subscription form (the "**Subscription Form**") will be made through the Oslo Stock Exchange's information system under the Company's ticker "ODL".

**Subscription procedures:** Norwegian applicants in the Subsequent Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares by using the following websites: www.dnb.no/emisjon or www.danskebank.no/odfjelldrilling. Subscriptions in the Subsequent Offering can also be made by using this Subscription Form. The subscription period will commence at 09:00 hours (CET) on 20 June 2018 and end at 16:30 hours (CET) on 4 July 2018 (the "**Subscription Period**"). Correctly completed Subscription Forms must be received by DNB Markets, a part of DNB Bank ASA or Danske Bank, Norwegian Branch (jointly, the "**Managers**") before the end of the Subscription Period at one of the following addresses:

<p>DNB Markets Dronning Eufemias gate 30 P.O. Box 1600 Sentrum 0021 Oslo Norway Tel: +47 23 26 81 01 E-mail: retail@dnb.no www.dnb.no/emisjon</p>	<p>Danske Bank Bryggetorget 4 P.O. Box 1170 Sentrum 0107 Oslo Norway Tel: +47 85 40 55 00 E-mail: emisjoner@danskebank.com www.danskebank.no/odfjelldrilling</p>
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The subscriber is responsible for the correctness of the information filled into the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the subscriber.

**Subscribers who are Norwegian residents with a Norwegian personal identification number are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.dnb.no/emisjon or www.danskebank.no/odfjelldrilling which will redirect the subscriber to the VPS online subscription system).**

Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period. None of the Company or the managers may be held responsible for postal delays, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the managers. Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Managers, or in the case of applications through the VPS online subscription system, upon registration of the subscription.

**Subscription Price:** The subscription price in the Subsequent Offering is NOK 36 per Offer Share (the "**Subscription Price**").

**Subscription Rights:** The shareholders of the Company as of 19 April 2018 (being registered as such in the Norwegian Central Securities Depository (the "**VPS**") on 23 April 2018 pursuant to the VPS' standard two days' settlement procedure (the "**Record Date**")), except for shareholders (i) who were invited to apply for Private Placement Shares in the "pre-sounding" of the Private Placement, (ii) who were allocated Private Placement Shares in the Private Placement, (such eligible shareholders jointly the "**Eligible Shareholders**"), or (iii) who are resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action, will be granted non-transferable subscription rights (the "**Subscription Rights**") that, subject to applicable law, give a right to subscribe for and be allocated Offer Shares at the Subscription Price. Each Eligible Shareholder will be granted 0.084294 Subscription Right for every existing share registered as held by such Eligible Shareholder as of the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated, one Offer Share in the Subsequent Offering. Over-subscription and subscription without Subscription Rights is not permitted. **Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.**

**Allocation of Offer Shares:** The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. No fractional Offer Shares will be allocated. The Company reserves the right to reject or reduce any subscription for Offer Shares not covered by Subscription Rights. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 5 July 2018. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 09:00 hours (CET) on 5 July 2018. Subscribers who do not have access to investor services through their VPS account manager may contact DNB Markets from 09:00 hours (CET) on 5 July 2018 to obtain information about the number of Offer Shares allocated to them.

**Payment:** The payment for the Offer Shares allocated to a subscriber falls due on 6 July 2018. Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, or registering a subscription through the VPS online subscription system, provide DNB Markets (the "**Settlement Agent**") with a one-time irrevocable authorisation to debit a specified Norwegian bank account for the amount payable for the Offer Shares which are allocated to the subscriber. The specified bank account is expected to be debited on or after the Payment Date. The Settlement Agent is only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact the Settlement Agent for further details and instructions. Should any subscriber have insufficient funds in his or her account, should payment be delayed for any reason, if it is not possible to debit the account or if payments for any other reasons are not made when due, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payments" below.

**SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION**

**DETAILS OF THE SUBSCRIPTION**

<b>Subscriber's VPS account:</b>	<b>Number of Subscription Rights:</b>	<b>Number of Offer Shares subscribed:</b>	<b>(For broker: consecutive no.):</b>
SUBSCRIPTION RIGHT'S SECURITIES NUMBER: ISIN US67607L1171		↳	<b>Subscription Price per Offer Share:</b> NOK 36
			<b>Subscription amount to be paid:</b> NOK _____

**IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)**

<p>Norwegian bank account to be debited for the payment for Offer Shares allocated (number of Offer Shares allocated x NOK 36).</p>	<table border="1" style="width: 100%; height: 30px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table> <p>(Norwegian bank account no.)</p>										

I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Subscription Price, up to the aggregate subscription amount as specified above subject to the terms and conditions set out in this Subscription Form and in the Prospectus, (ii) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe for the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Subscription Form, and to ensure delivery of such Offer Shares to me/us in the VPS, (iii) authorise DNB Markets (as Settlement Agent) to debit my/our bank account as set out in this Subscription Form for the amount payable for the Offer Shares allocated to me/us, (iv) agree to take the Offer Shares allocated to me/us subject to the Memorandum of Association and Bye-laws of the Company and (v) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to subscribe for and purchase Offer Shares under the terms set forth therein.

**Place and date**

Must be dated in the Subscription Period.

**Binding signature**

The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney must be enclosed.

**DETAILS OF THE SUBSCRIBER — ALL FIELDS MUST BE COMPLETED**

First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
Telephone number (daytime)	E-mail address
Legal Entity Identifier ("LEI")/National Client Identifier ("NID")	

**THE DISTRIBUTION OF THIS SUBSCRIPTION FORM IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW.**

**Regulatory issues:** In accordance with the Markets in Financial Instruments Directive ("MiFID II") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Managers must categorise all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of one of the Managers will be categorised as non-professional clients. Subscribers can, by written request to a Manager, ask to be categorised as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorisation, the subscriber may contact one of the Managers. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

**Selling restrictions:** Investors who wish to subscribe for Offer Shares should carefully review Section 18 "Selling and transfer restrictions" of the Prospectus. The Company is not taking any action to permit a public offering of the Subscription Rights and the Offer Shares in any jurisdiction other than Norway. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Investors should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person wishing to subscribe for Offer Shares under the Subsequent Offering to satisfy himself or herself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not and will not be offered, sold, taken up, exercised, pledged, resold, granted, delivered, allocated, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid. The Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S. Any offering of the Subscription Rights and Offer Shares by the Company to be made in the United States will be made only to a limited number of QIBs pursuant to an exemption from registration under the U.S. Securities Act, each of whom have executed and returned an investor letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on an exemption from the provisions of section 5 of the U.S. Securities Act provided by Rule 144A.

Except as otherwise noted in the Prospectus and subject to certain exceptions: (i) The Subscription Rights and the Offer Shares being granted or offered, respectively, in the Subsequent Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, member states of the EEA that have not implemented the Prospectus Directive, the United States, Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China or Japan or any other jurisdiction in which it would not be permissible to grant the Subscription Rights and/or the Offer Shares. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid. By subscribing for Offer Shares, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Offer Shares, have complied with the above selling restrictions. Persons effecting subscriptions on behalf of any person located in the United States will be responsible for confirming that such person, or anyone acting on its behalf, has executed an investor letter in the form to be provided by a Manager upon request.

**Execution only:** The Managers will treat the Subscription Form as an execution-only instruction. The Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**Information exchange:** The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of each of the Managers, as well as between Managers and the other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber and to the assessment of the Offer Shares, but which the Managers will not have access to in their capacity as Managers for the Subsequent Offering.

**Information barriers:** The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers' respective corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from the respective Managers' corporate finance department by information walls. Consequently, the subscriber acknowledges that the Managers' analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions in the Shares, including the Offer Shares.

**VPS account and mandatory anti-money laundering procedures:** The Subsequent Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302 (collectively, the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers of the Managers must verify their identity to the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is applicable. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Managers. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period may not be allocated Offer Shares. Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investments firms in Norway and Norwegian branches of credit institutions established within the EEA. However, investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identification by the relevant VPS registrar in accordance with the Anti-Money Laundering Legislation.

**Data protection:** As data controllers each of the Managers processes personal data to deliver the products and services that are agreed between the parties and for other purposes, such as to comply with laws and other regulations. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it. For detailed information on each Manager's processing of personal data, please review such Manager's privacy policy, which is available on its website or by contacting the relevant Manager. The privacy policy contains information about the rights in connection with the processing of personal data, such as the access to information, rectification, data portability, etc. If the applicant is a corporate customer, such customer shall forward the relevant Manager's privacy policy to the individuals whose personal data it discloses to the Managers.

**Terms and conditions for payment by direct debiting - securities trading:** Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

- a) The service "Payment by direct debiting - securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of "Payment by direct debiting - securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorise payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

**Overdue and missing payments:** Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 no. 100, currently 8.50% per annum as at the date of the Prospectus. If the subscriber fails to comply with the terms of payment or should payments not be made when due, the subscriber will remain liable for payment of the Offer Shares allocated to it and the Offer Shares allocated to such subscriber will not be delivered to the subscriber. In such case the Company and the Managers reserve the right to, at any time and at the risk and cost of the subscriber, re-allocate, cancel or reduce the subscription and the allocation of the allocated Offer Shares, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares in accordance with applicable law. If Offer Shares are sold on behalf of the subscriber, such sale will be for the subscriber's account and risk and the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Managers as a result of, or in connection with, such sales. The Company and/or the Managers may enforce payment for any amounts outstanding in accordance with applicable law.



# ODFJELL DRILLING

## **Odfjell Drilling Ltd**

Clarendon House  
2 Church Street  
Hamilton HM11, Bermuda

## **Joint Bookrunners**

ABG Sundal Collier ASA  
Munkedamsveien 45E  
P.O. Box 1444 Vika  
0115 Oslo  
Norway

ABN AMRO Bank N.V.  
Gustav Mahlerlaan 10  
P.O. Box 283  
1000 EA Amsterdam  
Netherlands

Danske Bank  
Bryggetorget 4  
P.O. Box 1170 Sentrum  
0107 Oslo  
Norway

DNB Markets  
Dronning Eufemias gate  
30  
P.O. Box 1600 Sentrum  
0021 Oslo  
Norway

Nordea Bank AB (publ), filial i  
Norge  
Essendropsgate 7  
P.O. Box 1166 Sentrum  
0107 Oslo  
Norway

Pareto Securities AS  
Dronning Mauds gt. 3  
P.O. Box 1411 Vika  
0115 Oslo  
Norway

SpareBank 1 Markets  
Olav V's gate 5  
P.O. Box 1398 Vika  
N-0114 Oslo  
Norway

## **Managers**

DNB Markets  
Dronning Eufemias gate 30  
P.O. Box 1600 Sentrum  
0021 Oslo  
Norway

Danske Bank  
Bryggetorget 4  
P.O. Box 1170 Sentrum  
0107 Oslo  
Norway

## **Legal advisor to the Company**

(as to Norwegian law)  
Advokatfirmaet Thommessen AS  
Haakon VII's gate 10  
0116 Oslo  
Norway

## **Legal advisor to the Joint Bookrunners**

(as to Norwegian law)  
Advokatfirmaet Wiersholm AS  
Dokkveien 1  
P.O. Box 1400 Vika, 0115 Oslo  
Norway