# Attachment 2 – Enhanced financial runway

**Extended runway achieved by way of continued reduced amortization and covenant ease and option to extend maturity by 1 year**

Prosafe has agreed the following enhanced financing terms with currently approx. 94 per cent of its lenders, subject to lenders' credit approval, customary conditions precedents and final documentation:

1) Runway extension:
   - Secured option to extend the final maturity for the USD 1.3 billion facility by 1 year to February 2023
   - The maturity on the USD 144 million (Safe Notos) facility remains unchanged
   - Reduced amortization on the USD 1.3 billion facility (total additional reduction of USD 156 million)
     a. 90% reduced amortisation through 2021
     b. USD 19.5 million semi-annual instalments in 2022 (in the event the extension option is exercised)

2) Covenant ease on both the USD 1.3 billion and the USD 144 million (Safe Notos) facilities
   - No interest coverage ratio until 30 June 2020; 1.00x from 1 July 2020 until 31 March 2021; 1.50x from 1 April 2021 thereafter
   - On the USD 1.3 billion facility, no minimum market value requirement shall apply until 1 January 2022; thereafter 100% minimum market value on at least one out of every two consecutive annual test dates
   - On the USD 144 million (Safe Notos) facility, no minimum market value requirement shall apply until 1 January 2019. Covenant will in 2019 be set at 110% (in respect of 2 consecutive annual test dates), and there will be a step up in market value covenant in March 2021 to 125%
   - Leverage ratio to be negotiated, with first testing date on 31 March 2021
   - Minimum cash covenant remains unchanged at USD 65 million

3) Allow Prosafe to scrap up to three legacy vessels built in the 1980s if Prosafe concludes that this is the best strategic option and without having to pay back their relative collateral values of the loans

4) Consent to the Agreement with the ability to utilize existing cash and cash flow in connection with delivery of the COSCO Units

The credit margin will be based on leverage ratio. In the agreement for the USD 1.3 billion facility, the credit margin will be the following.

(i) If the Leverage Ratio is less than or equal to 3.00, 2.60%. per annum;

(ii) if the Leverage Ratio is above 3.00 and less than or equal to 4.00, 2.75%. per annum;

(iii) if the Leverage Ratio is above 4.00 and less than or equal to 5.00, 2.90% per annum;

(iv) if the Leverage Ratio is above 5.00 and less than or equal to 5.50, 3.10%. per annum; and

(v) if the Leverage Ratio is above 5.50, 3.35% per annum.

The increase in margin compared to the existing margin under the USD 1.3 billion facility agreement is 0.6% p.a. This additional 0.6% margin will be cash interest if minimum liquidity remains above USD 155 million. However, to protect liquidity if cash falls below USD 155 million, the additional interest will be payment-in-kind (PIK) and added to the final maturity instalment ("PIK toggle"). Assuming the extension option is exercised, for the additional year to maturity for the USD 1.3 billion facility – from February 2022 to February 2023 - Prosafe will pay an additional 1.2% p.a. margin in the extension year (instead of the increase of 0.6% p.a.). If the extension option is exercised, all interest from February 2022 onwards is payable in cash with the exception of any additional margin relating to Safe Nova and Safe Vega as described below.

No additional margin will be payable for the USD 144 million (Safe Notos) facility.

Prosafe must arrange a back-stop facility on certain conditions of up to USD 7.5 million for each of Safe Nova and Safe Vega upon delivery to cater for future lay up costs after initial contracts if such costs cannot be covered by combined cash flow from the three vessels.

In addition and as part of the amendments agreed, subject to delivery of the Safe Nova and Safe Vega and the USD 1.3 billion facility being outstanding at the time of delivery, the USD 1.3 billion facility lenders (only) may elect to receive either:

i. An additional margin of 0.225% p.a. for each of Safe Nova and Safe Vega from when they are delivered. The increase in margin in connection with delivery will also be subject to the PIK toggle mechanism, which also apply from February 2022 to February 2023 (assuming the extension option is exercised); or
ii. Warrants for up to 6.52 million shares per vessel, and up to a maximum of 9.78 million shares in aggregate. The strike price shall be equal to the average of (i) the 10 business day volume-weighted average price of the Prosafe shares on Oslo Børs measured over the period commencing 10 business days prior to this Announcement; and (ii) the 10 business day volume-weighted average price of the Prosafe shares on the Oslo Børs measured for the period commencing on the business day immediately following this Announcement. However, the strike price shall in any case not be higher than NOK 30 per share. The warrants can be exercised any time from delivery of Safe Nova and/or Safe Vega and the next 3 years.

Issuance of the warrants will be subject to approval by an extraordinary general meeting of Prosafe.