

PACIFIC RADIANCE LTD

Second Informal Noteholder Meeting

19 January 2018



Confidentiality, Disclaimer & Caution

Important Notes

This informal meeting is being convened for the purpose of providing the Group's Noteholders with an update on the developments of financial restructuring since the first informal meeting, and to present the proposal for the Notes to the Noteholders for their consideration.

- The informal meeting is not intended to and does not amount to a meeting under or in connection with the Trust Deed relating to the Notes;
- The informal meeting has been called solely for the dissemination of information and no decisions or voting will be made at the informal meeting;
- The informal meeting is private and confidential and will be held on an entirely without prejudice basis; and
- In addition to Noteholders on the records of The Central Depository (Pte) Limited who presently are recognised as Noteholders under the terms of the Trust Deed and the Notes, there may be persons holding the underlying beneficial interest who may also attend the informal meeting, and the reason why these persons have been allowed to attend is not in recognition of their status as Noteholders but solely as a practical measure to facilitate the dissemination of information to such persons whom nominee Noteholders having rights may take instructions from.

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Important Notes (continued)

- Certain statements in this presentation may constitute forward looking statements. Forward looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “anticipate,” “intend,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect,” “pending” and similar expressions identify forward looking statements.
- Forward looking statements also include statements about our future growth prospects. Forward looking statements, involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding our earnings, our ability to charter our vessels, our ability to implement our strategy, dependence on credit facilities and new equity from capital markets to execute our strategy, insufficient insurance to cover losses from inherent operational risks in the industry, dependence on key personnel, our short operating and financial history, possibility of pirate or terrorist attacks, competition in the industry, political instability where our vessels are flagged or operate, cyclicity of the industry and fluctuations in vessel values. For further information, please see the documents and reports that we file with the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

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Important Notes (continued)

- You are advised not to place undue reliance on these forward looking statements, which are based on the Company's current views concerning future events. Unless legally required, the Company undertakes no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.
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Meeting Protocol

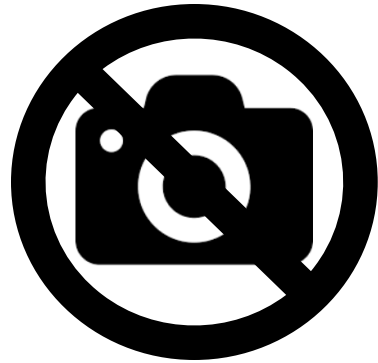


Photo taking and video recording are prohibited. Presentation slides will be made available via SGXNET.



Noteholders are politely requested to state their names before asking questions during the Q&A session.

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Key Takeaway from 1st Informal Meeting

Estimated recovery for Unsecured Creditors



The estimated recovery of 0% for unsecured creditors is due to the following:

- 1 Majority of the group's vessels has been pledged.
- 2 Extensive exposures on the corporate guarantees provided to the Lenders.
- 3 PACRA is unlikely to receive any returns from the investments in subsidiaries.

Estimated recovery for Noteholders (unsecured)



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- 1 The estimated recovery of 4.3% for Noteholders relates to the S\$4.3m of cash in the Escrow Account, if attributable to Noteholders.

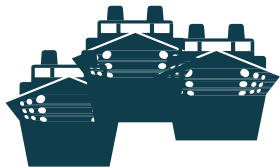
Key Takeaway from 1st Informal Meeting

Company's continuing cost rationalisation exercise since FY15 has resulted in a cost saving through the efforts below

Reduction in operating related expenses

1

- Right sizing of fleet
- 36 vessels in layup status to reduce maintenance cost



2

- Crew headcount reduction by 35%



3

- Wage reduction for senior management
- Suspended bonus payout



4

- Headcount reduction at corporate/management level



Progress Update

Company seeks all stakeholders' support. Management is working at its hardest to preserve value for all stakeholders.

Noteholders

- First informal meeting completed
- Formation of steering committee
- Meeting with steering committee completed

Major Lenders

- Much progress has been achieved to date
- Major lenders are supportive, terms are still being negotiated

Potential Investors

- Strong interest from potential investors
- Keeping up the momentum on engagement with several potential investors

Proposal Overview



**Full conversion
of S\$100 million
of notes to equity**



**S\$1 = 3
Pacific Radiance Ltd
shares**



**S\$4.3 million in
escrow account**

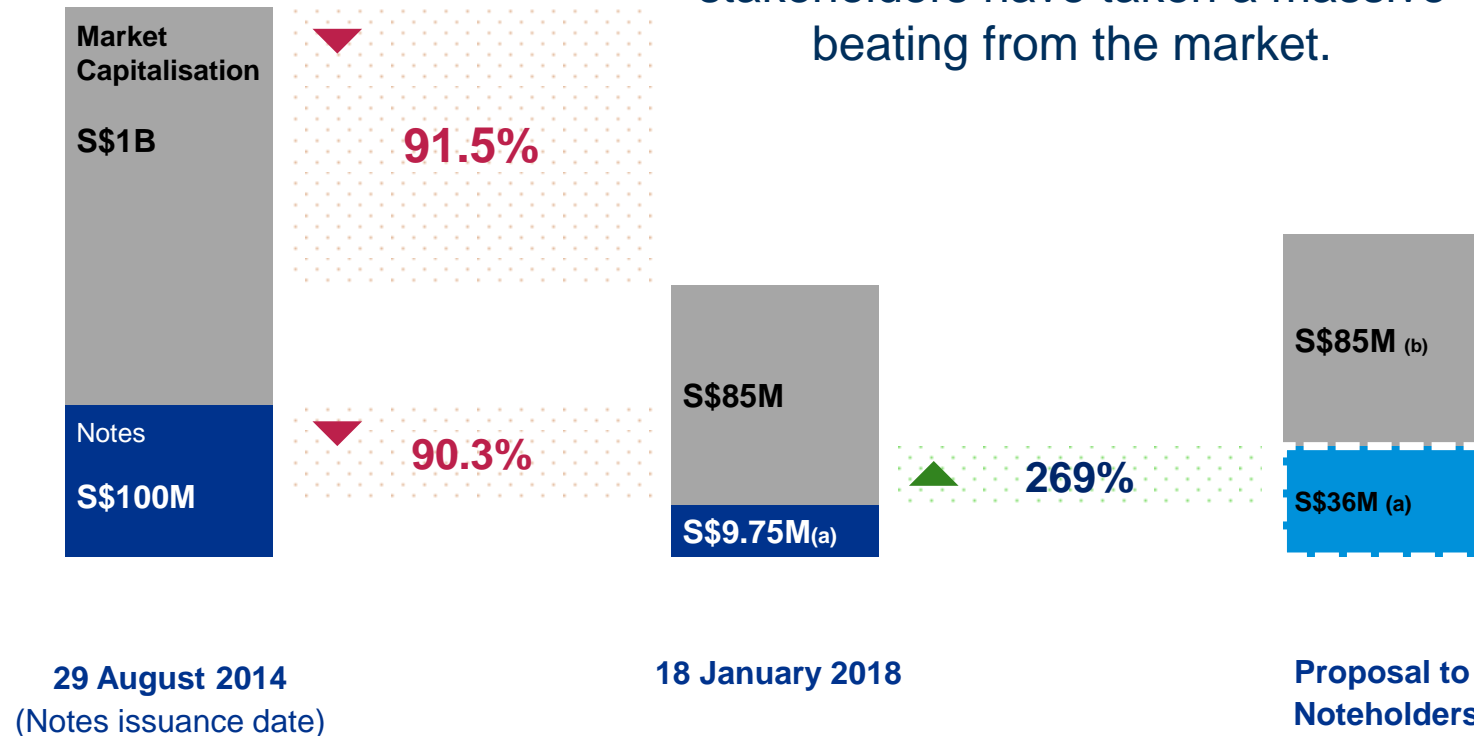
What do Noteholders get?

- Total 300,000,000 of new shares to be issued, no lock-up period.
- Value of shares S\$36 million based on S\$0.119 per share (illustrative based on closing price on 18 Jan 2017).
- S\$4.3 million to be released from escrow account.
- Option to liquidate shares or hold.

Illustration of Conversion

For illustration purposes only
(not to scale)

Since 2014 post issuance of Notes, all stakeholders have taken a massive beating from the market.



Note:

(a) Source: Bloomberg bid price as at 19 January 2018.

(b) Based on closing price of S\$0.119 as at 18 January 2018.

Proposal Overview

Company is appealing to Noteholders to support the proposal
PASS RESOLUTION 1



**Proposed
Extraordinary
Resolution**

1

Terms of Proposal

- Full conversion of S\$100 million Series 001 Notes into new shares.^(a)
- **S\$1 = 3 shares** of Pacific Radiance Ltd, no lock-up period.
- S\$4.3 million to be released from the escrow account.^(b)
- Waiver of financial covenants, other covenants/conditions and other events of default.

Certainty in sight

- Noteholders have the flexibility to either:
- liquidate the shares through the equity market, or
 - hold the shares to participate in future equity exercise and recovery.

Support required

- **Quorum required at meeting will be two or more Noteholders holding 75% of principal amount of Notes.**
- **At least 75% of Noteholders present in meeting must vote in favor.**

Note:

(a) Subject to shareholders' approval in an EGM.

(b) To be released after shareholders' approval in an EGM.

Proposal Overview

If Resolution 1 is NOT PASSED, **MUST PASS** Resolution 2



Proposed
Extraordinary
Resolution

1



Proposed
Extraordinary
Resolution

2

Company is working at its
hardest to avoid this scenario
for all stakeholders.



Resolution 1 not passed

- Noteholders give up the option to convert to shares and receive S\$4.3 million to be released from escrow account.
- **Must pass Resolution 2** for one coupon payment of S\$2.15 million due on 1 March 2018 to be released from escrow account.
- **Must pass Resolution 2** for waiver of financial covenants, general covenants and other events of default.

Next steps

- Meeting will be adjourned to reconsider Resolution 1.
- **Quorum required at *adjourned* meeting for Resolution 1 will be two or more Noteholders holding 25% of principal amount of Notes.**
- **At least 75% of Noteholders present in *adjourned* meeting for Resolution 1 must vote in favor.**

More uncertainty

- If Resolution 1 is not passed in *adjourned* meeting. A second CSE will need to take place before August 2018 to address Notes maturity.
- Uncertain as to how Notes will be affected by investors and bank restructuring terms.

Summary of Proposal if Resolution 1 is passed



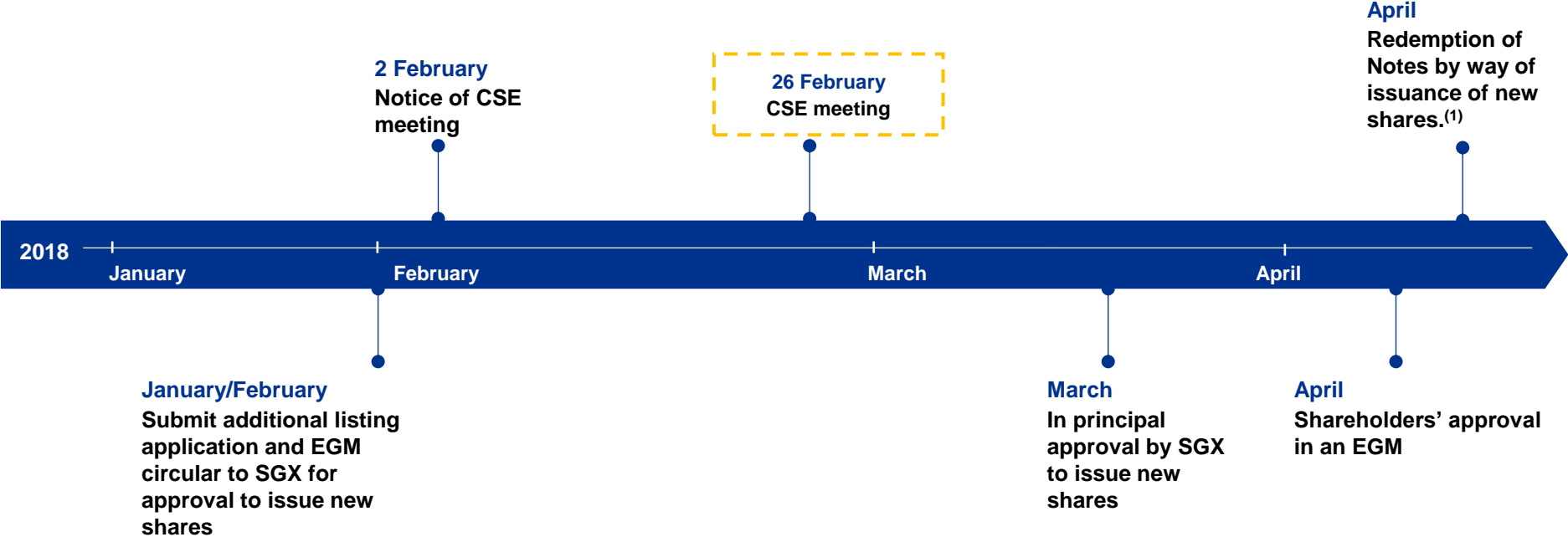
**Proposed
Extraordinary
Resolution**

1

	Detailed Terms
Conversion amount	Full conversion of S\$100 million Series 001 Notes into shares
Conversion per S\$ to shares	S\$1 = 3 shares (total 300,000,000 of new shares to be issued)
Coupon payment	S\$4.3 million representing two coupon payments will be released from escrow account upon successful CSE and shareholders' approval in EGM
MTN covenants	All events of default and covenants that may be breached to be waived
Voting requirement by Noteholders	Quorum of two or more Noteholders holding 75% of principal amount of Notes, at least 75% in value of the votes cast in favour of Resolution 1
Other requirements	Assuming CSE is successful, SGX clearance and approval from shareholders
Shares lock-up period	No lock-up period
Conditions of payment	<ul style="list-style-type: none"> ▪ Noteholders duly passing the Extraordinary Resolution approving Resolution 1; ▪ Shareholders' approval in an EGM, and ▪ Noteholders duly completing and returning to the Tabulation Agent, the Voting Instruction Form

Resolution 1 - Indicative Timeline

The Company plans to launch a consent solicitation exercise on 26 February 2018 to convert the Notes into shares as part of the financial restructuring.



This timeline does not cater to meeting adjournment

Note:
(1) Timeline and logistics subject to clearance by Central Depository, share registrar, SGX Market Control and et cetera.

Summary of Proposal if Resolution 2 is passed



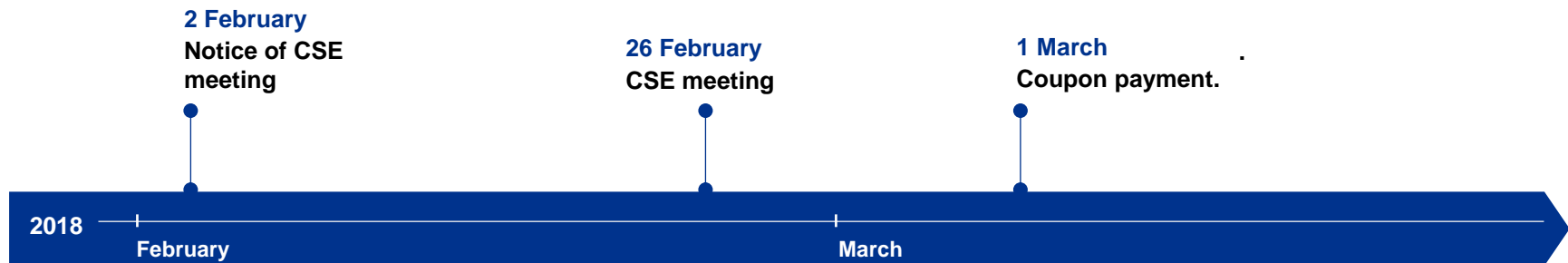
Proposed
Extraordinary
Resolution

2

	Detailed Terms
Coupon payment	One coupon payment of S\$2.15 million due on 1 March 2018 will be released from escrow account
Coupon payment date	Due 1 March 2018, subject to CDP, Escrow Agent and Paying Agent timeline
MTN covenants	All events of default and covenants that may be breached to be waived
Voting requirement by Noteholders	Quorum of two or more Noteholders holding 50% of principal amount of Notes, at least 75% in value of the votes cast in favour of Resolution 2
Conditions of payment	<ul style="list-style-type: none">▪ Noteholders duly passing the Extraordinary Resolution approving Resolution 2; and▪ Noteholders duly completing and returning to the Tabulation Agent the Voting Instruction Form
Important note	A second CSE will need to take place before 29 August 2018 to address Notes maturity.

Resolution 2 - Indicative Timeline

The Company plans to launch a consent solicitation exercise on 26 February 2018 to facilitate the release of the monies in the escrow account to meet the coupon due on 1 March 2018



Business Outlook

Strong Business Fundamentals

Business fundamentals

- Complementary shipyard facility in Singapore providing repair, maintenance, and modification services to both the Pacific Radiance fleet and third parties
- A high grade young fleet built for the future
- Strong operational record
- Highly experienced management team to navigate the company out of troubled waters.

Competitive strengths

- Close working relations with high quality partners in Malaysia, Indonesia, Middle East and Mexico.
- Through its partners, the Company enjoys access to cabotage restrictions, allowing the Company to operate at a full commercial coverage of the market

Market opportunities

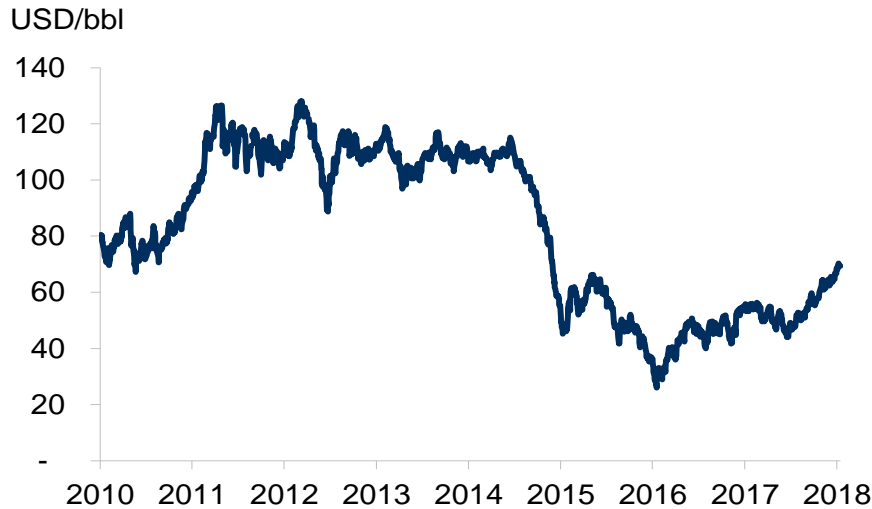
- Company has longstanding relations with a blue chip client base including NOCs, IOCs and major offshore operators.
- Vast global JV network will continue to provide unique market opportunities.
- Company is aiming at diversifying beyond oil price related services and into promising offshore wind and LNG sectors.

The Management believes the market is at its inflection point and the business is viable in the long run. Company-wide, employees are now doing more work with lesser resources and are exploring every avenue to cut cost without losing quality. Management team has taken a substantial cut in remuneration to tide the Group over this period.

Post-restructuring, with the blessing of all stakeholders, the Management envisages itself to emerge as an even stronger entity well poised to ride on the upcoming market recovery.

Consensus is that the market has bottomed

Brent price development



Clarksons Platou

World's largest offshore broker

Aug 2017: "After nearly three lean years, we are feeling the turn in the offshore oil services market"



Westwood
Global Energy
Group

Globally leading energy advisor

Sep 2017: "The market consensus is that we have reached the bottom of the cycle"



Fearnley Offshore

Globally leading offshore broker

Aug 2017: "We have seen a sustained uptick in offshore drilling – and surprising to some – that uptick has been led by southeast Asia"



RYSTAD ENERGY

Jun 2017: "The offshore market is poised for growth in the next 4 years"

Globally leading energy advisor

Pareto

Securities
Equity Research

Synnøve Gjønnnes
Head of OSV Research

Aug 2017: "When adjusting for vessels that are not competitive, such as vessels older than 25y, adjusted utilization stands at 68%"

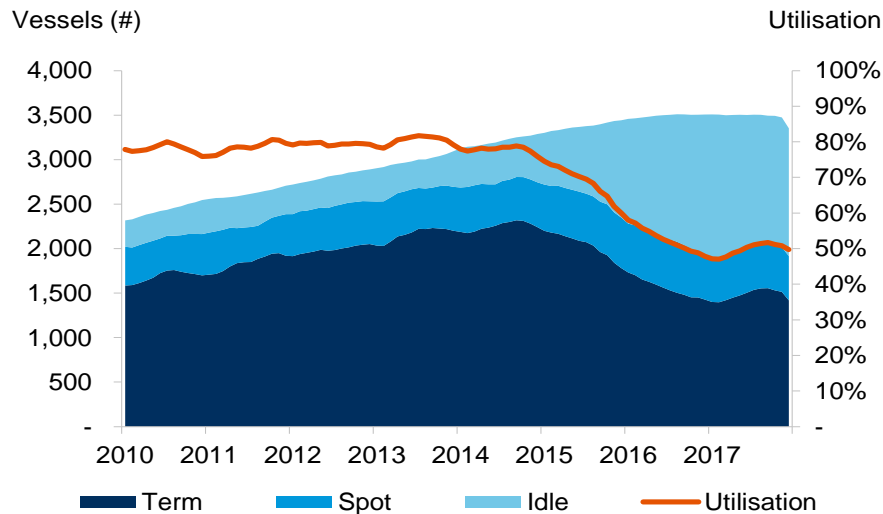
Oct 2017: "The oil market is now in balance, which is creating the required foundation for a further increase in the oil price and the inevitable growth in global E&P investments"

Schlumberger

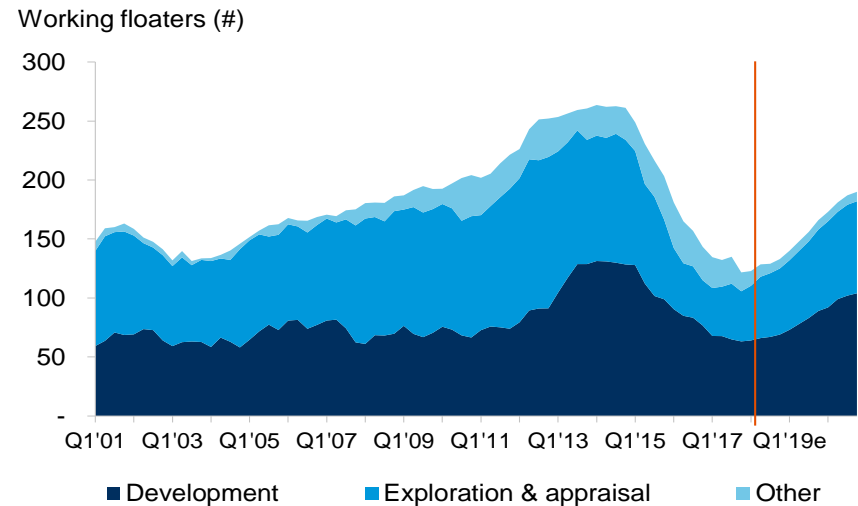
Paal Kibsgaard
CEO

OSV utilisation has bottomed

Global OSV fleet



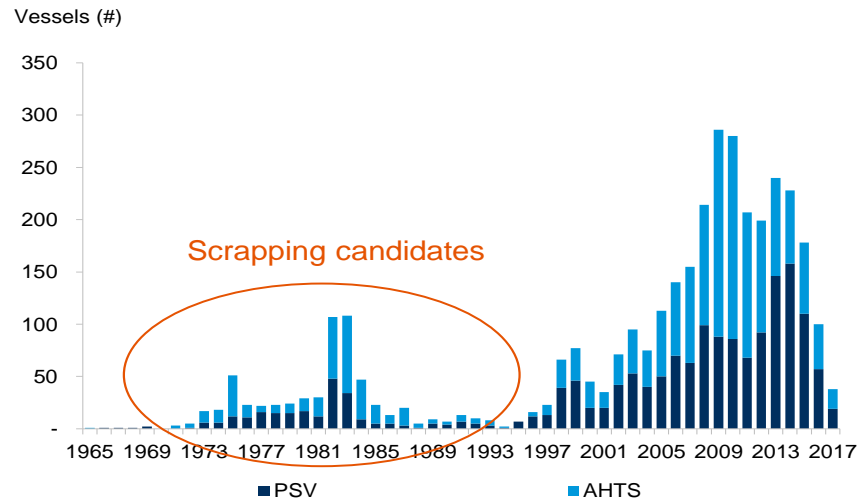
Global working rig floater fleet



- Global OSV utilisation bottomed in early 2017 on the back of increased working rig count
- Utilisation is now ~50%, up from bottom at ~47% in first quarter of 2017
- The increased activity is mostly due to more vessels working within production support
- A projected increase in rig activity is a leading indicator for increased OSV demand

Over 25% supply is more than 25 years old

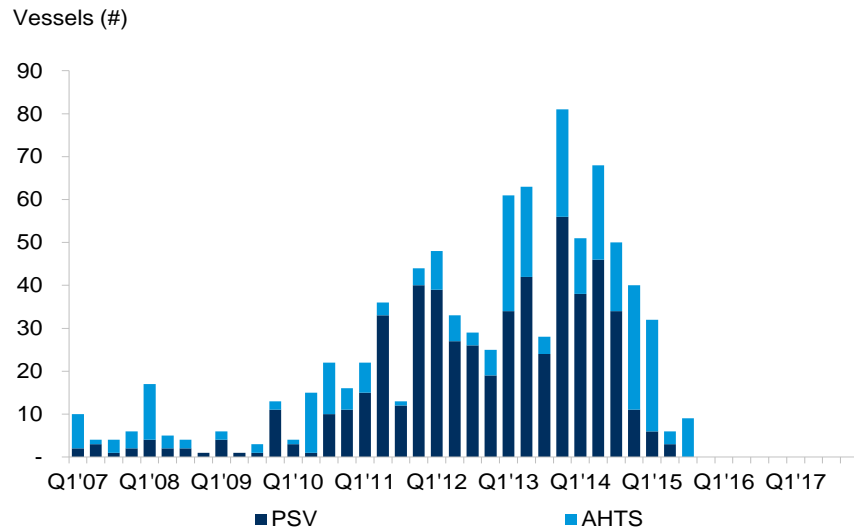
Global OSV fleet by delivery year



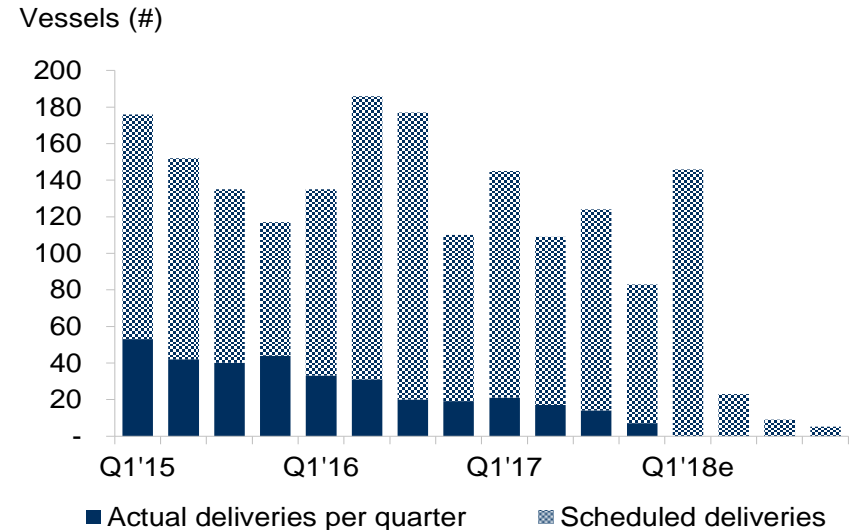
- A significant share of the cold-stacked fleet is older, non-competitive tonnage unlikely to ever re-enter the market – more than 25% is older than 25 years and ~60% is older than 10 years
- In addition, 385 of the vessels in service are currently older than 25 years

OSV orderbook is decreasing

OSV orders by quarter



Orderbook delivery

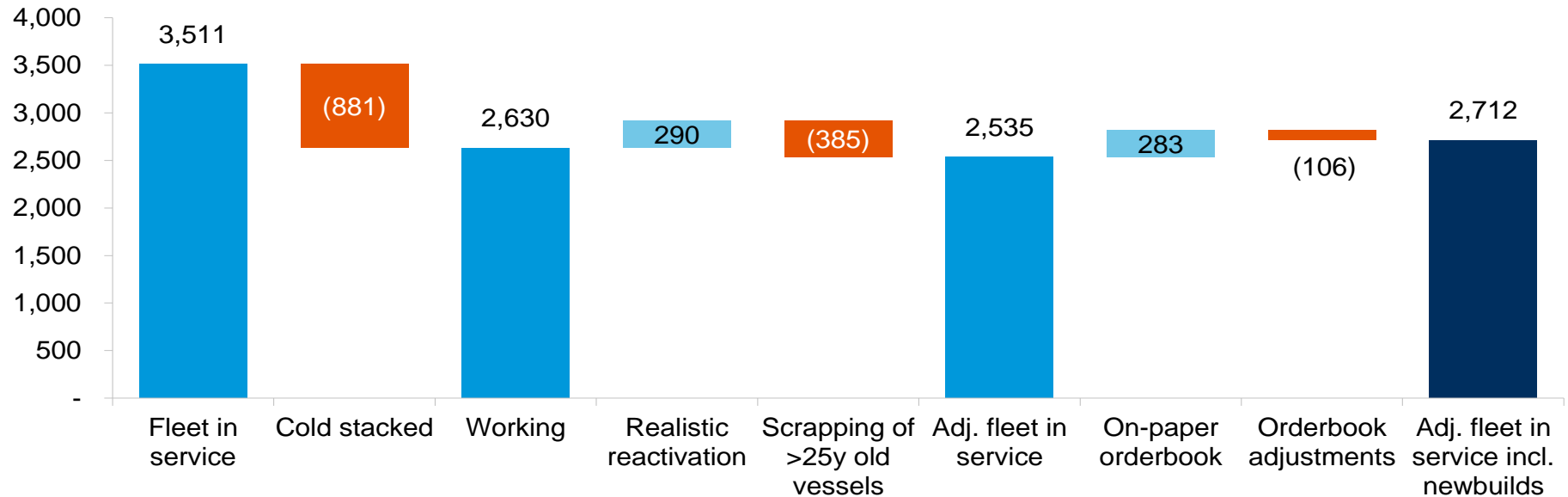


- Following high ordering activity in 2011-14, no OSVs have been ordered since Q3'15
 - Hence, the orderbook in percentage of the active fleet has halved from 16% at the beginning of the downturn to 8% now
- Furthermore, slippage remains very high as vessels built for financially stressed owners or speculation remain at yards

OSV supply overhang is inflated

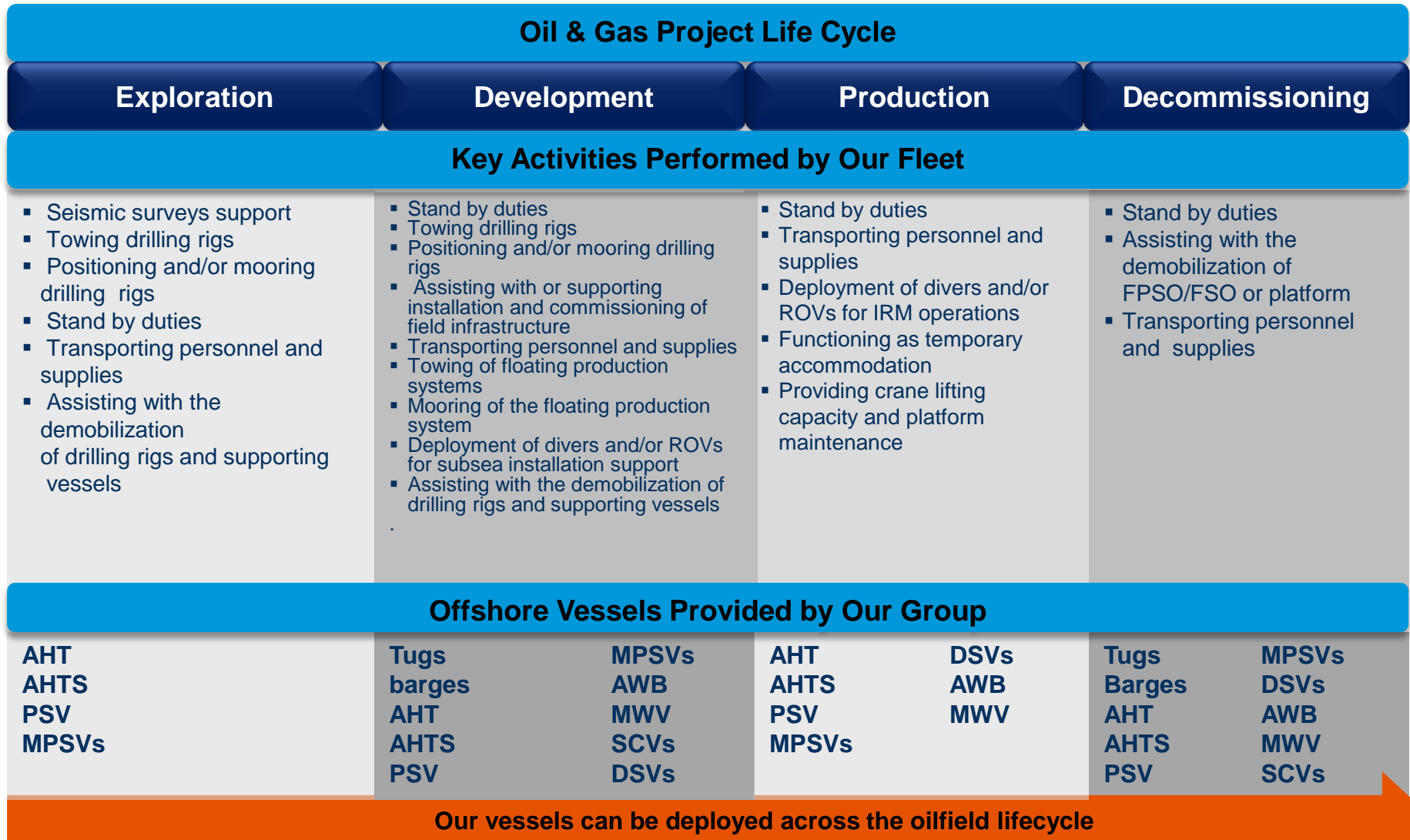
OSV supply bridge analysis

Vessels (#)



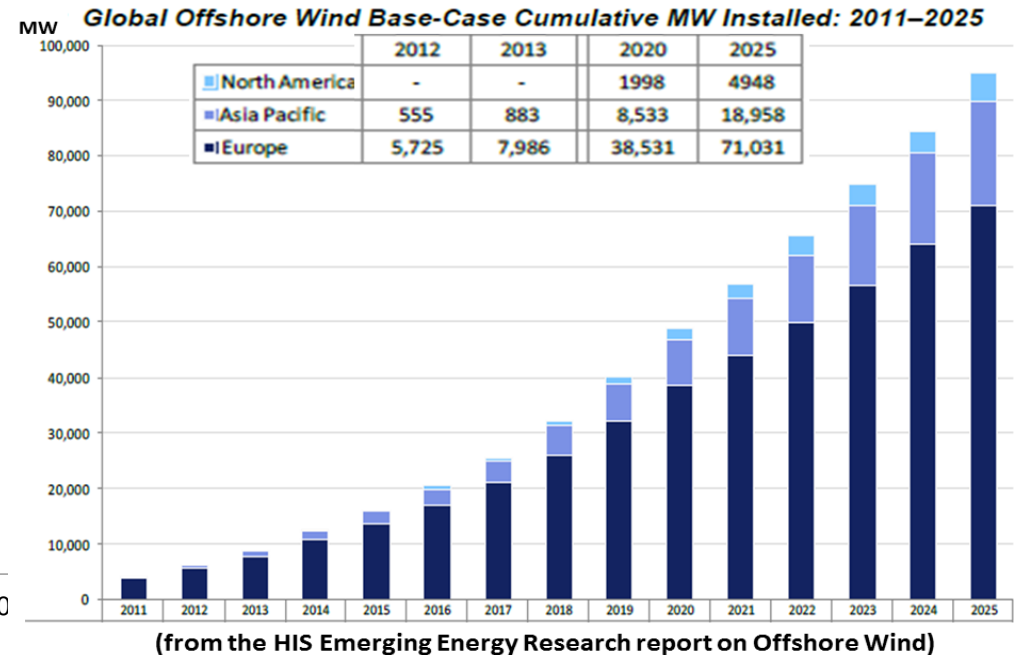
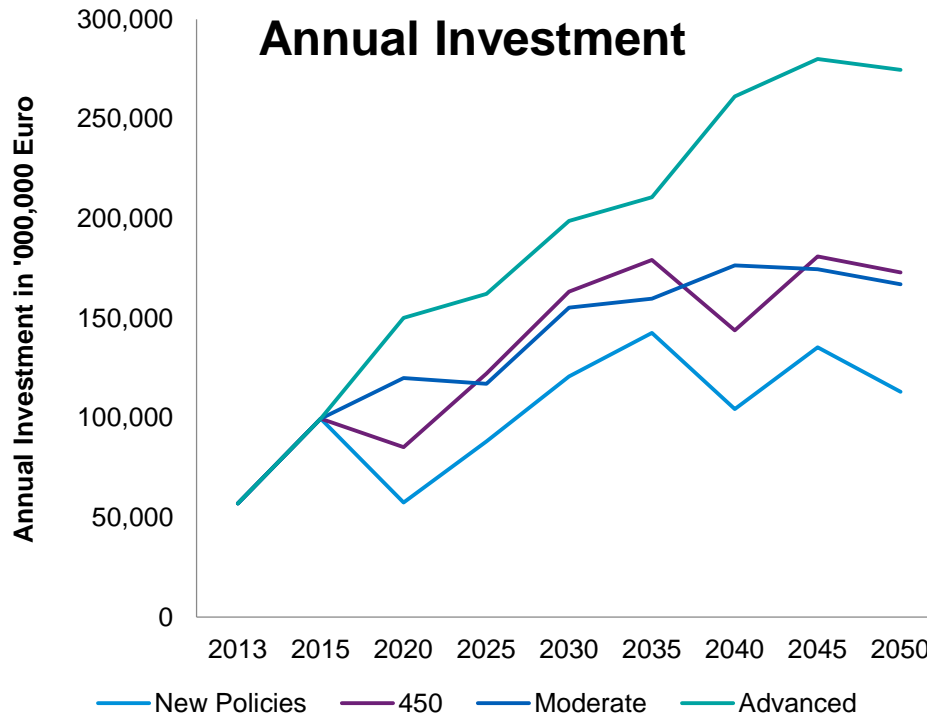
- The adjusted fleet in service including newbuilds is calculated to be 2,712 vessels
 - ~23% lower than the total number of existing vessels of 3,511
- Adjustments are made for vessels older than 25 years old, cold-stacked vessels with unrealistic reactivation costs as well as newbuilds belonging to distressed owners or built for speculation

Diverse Fleet Supports O&G Project Life Cycle

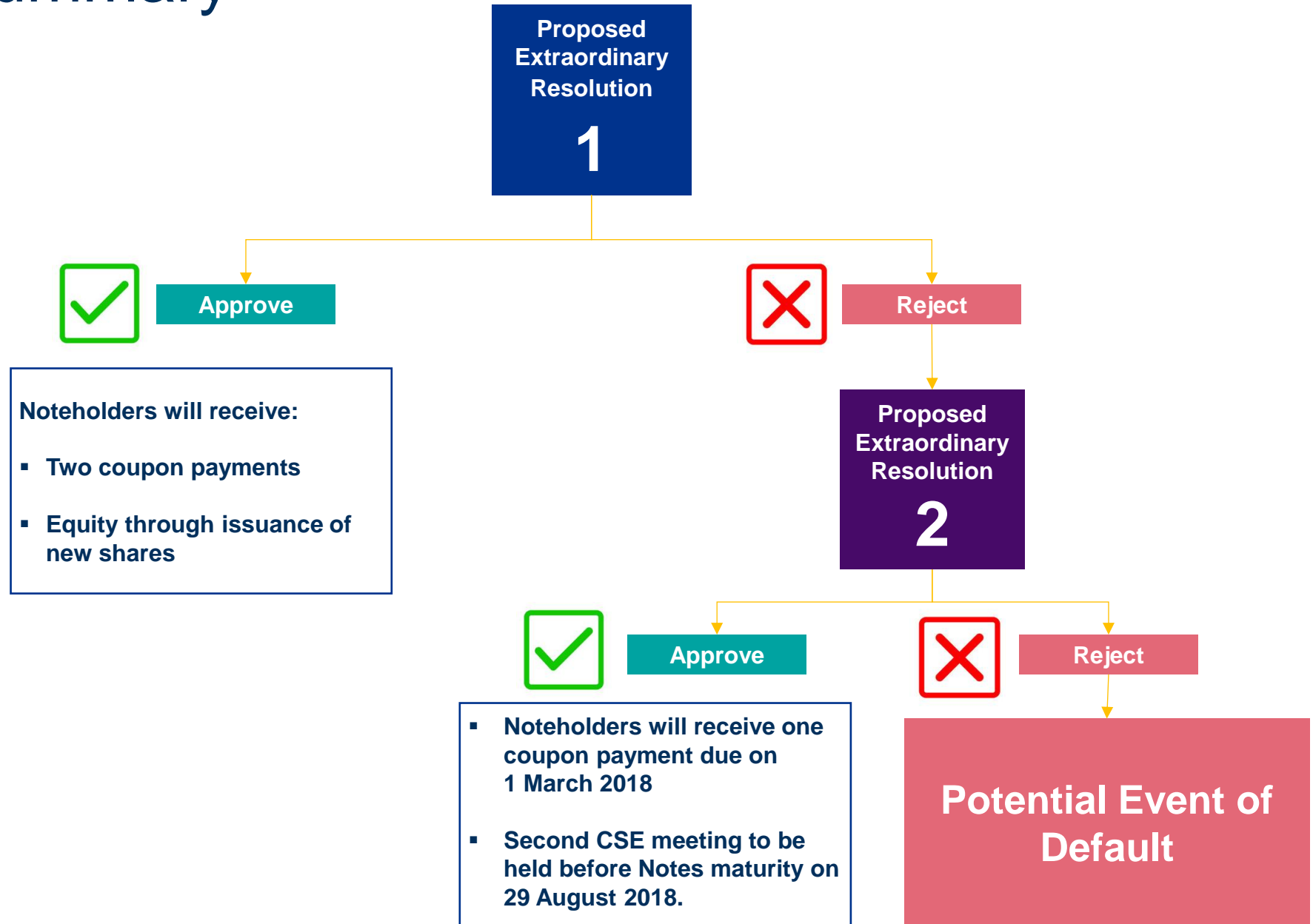


Offshore Wind

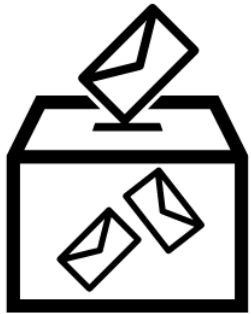
- The Group aims at diversifying beyond oil price related services and into offshore wind
- Retains competitive advantage with key supplier relationships and expertise in ship management
- Expand customer base to include wind turbine manufacturers as well as offshore wind farm developers



In Summary



What's Next?



Notes held directly with CDP: Voting instruction form must reach Tricor Singapore Pte Ltd

Notes held through a bank: Contact your bank for the deadline for the submission of votes.

What's Next?

The Company will be holding an informal clinic session to reach out to Noteholders and address any queries they may have pertaining to the CSE.

	Informal Clinic Session
Date	Monday, 22 January 2018
Time	3pm to 5pm
Venue	Dentons Rodyk & Davidson 80 Raffles Place, #33-00, Singapore 048624
Registration	Noteholders are required to register 24 hours before their preferred timing. Please contact Jimmy Thay via jimmy.thay@pacificradiancance.com

Questions?



Noteholders are politely requested to state their names before asking questions during the Q&A session.