



equinoxoffshore

18 June 2010

Dear Shareholders

Attached to this letter is the Notice of Meeting in relation to the Annual General Meeting of Equinox Offshore Accommodation Limited (**Company**) to be held at 30 Bukit Pasoh Road, Singapore, 089844 on 5 July 2010 at 10.00 a.m.

In addition to the matters to be considered at the Company's Annual General Meeting, the Notice of Meeting contains the resolutions necessary to approve the proposed financial restructuring of the Company which was announced on 27 May 2010.

Financial restructure

In particular, at the meeting you will be asked to consider a financial restructure of the Company involving:

- the postponement of the maturity date of the bond by 12 months until 13 October 2011, with a deferral of all interest payments (**Bond Restructure**); and
- an equity raising of between USD 30 and 35 million at a price of USD 0.19, valuing the existing equity at approximately USD10 million (**Equity Raising**),

(Financial Restructure).

At the time of the bond issue in October 2009, the Company had assumed that it would be able to secure a contract for ARV1 by the end of 2009. However, due to global economic conditions, the delays suffered and the unexpected high cost of completing the ARV1, the Company has been forced to raise additional equity and seek a restructure of the bond terms.

The Board is pleased to confirm that it believes it has obtained approval to the Bond Restructure by the requisite majority of bondholders, subject to, inter alia, a minimum of USD 30 million being raised in new equity.

Accordingly, the success of the Financial Restructure, and the continuation of the Company's business, now depends on the success of the Equity Raising and its approval by shareholders. The terms of the Equity Raising proposed by the Board are the terms on which the Board believes it will be able to raise the required equity.

A failure of the Proposed Transaction as it now stands would leave the Company at substantial financial risk, with first claims over the vessel by the shipyard and then bondholders.

A total of USD 12 million has been pre committed by management and the Chairman of the Board of Directors, together with their associates.

While the value of the existing equity under the proposed terms is regrettably low, all shareholders have the right under the Equity Raising to subscribe for their pro rata share of the new issue.

Status of vessel and market

While delayed, ARV1 has now undergone the most critical part of sea trials and is expected to carry out final stages of the sea trials within the coming weeks. The Company has agreed with the yard on the price for completion of the vessel, subject to a successful financial restructuring. The Company expects to have certificates issued to enable it to operate as an accommodation and repair vessel shortly. Accordingly, there should be limited further risk associated with the conversion of the vessel.

A number of long term contracts which the Company has been working on for some time, and which have been delayed due to global economic conditions, are now to be awarded within a short period.

The Board strongly believes in the competitiveness of the ARV1 in the market, and in the market for accommodation vessels in the coming years.

Accordingly, the Board unanimously encourages all shareholders to vote in favour of the resolutions proposed in the Notice of Meeting to assure the future success of the Company, and the ultimate return of value to all shareholders.



Johan Fredrik Odjell
on behalf of the Board of
Equinox Offshore Accommodation Limited