

PROSPECTUS



REACH SUBSEA ASA

(A public limited liability company incorporated under the laws of Norway)

Listing of 15,000,000 Shares issued in a Private Placement on the Oslo Stock Exchange

The information in this prospectus (the "**Prospectus**") relates to the listing on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**") by Reach Subsea ASA (the "**Company**" or "**Reach Subsea**"), a public limited company incorporated under the laws of Norway (together with its consolidated subsidiaries, the "**Group**") of 15,000,000 new shares in the Company with a nominal value of NOK 1.00 each (the "**New Shares**") issued at a subscription price of NOK 2.00 per New Share in a private placement directed towards certain existing shareholders for gross proceeds of NOK 30,000,000 (the "Private Placement") This Prospectus serves as a listing prospectus as required by applicable laws in Norway.

Trading in the new shares is expected to commence on or about date 22 June 2016 under the trading symbol "REACH".

Investing in the Shares involves a high degree of risk; see Section 2 "Risk Factors". For the definition of certain technical terms used throughout this Prospectus, see Section 13 "Definitions and Glossary".

This Prospectus does not constitute an offer or solicitation to buy, subscribe or sell the securities described herein, and no securities are being offered or sold pursuant to this Prospectus in any jurisdiction.

**Sole Manager and
Bookrunner**

SR-Bank Markets

The date of this Prospectus is 22 June 2016

IMPORTANT INFORMATION

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (Nw. *verdipapirhandelloven*) (the “**Norwegian Securities Trading Act**”) and related secondary legislation, including the Commission Regulation (EC) no. 809/2004, as amended, implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses (the “**Prospectus Directive**”) as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (“**EC Regulation 809/2004**”). This Prospectus has been prepared solely in the English language, and is based on the following checklists: “ANNEX XXV Minimum Disclosure Requirements for the Share Registration Document for SMEs and companies with reduced market capitalization”, and “Annex III Minimum Disclosure Requirements for the Share Securities Note”. 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. The Norwegian FSA has not verified 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 verification or approval relating to corporate matters described in or referred to in this Prospectus.

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 that are capable of affecting the assessment of the Shares between the time when this Prospectus is approved and the date of admission to trading of the 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 delivery of any Shares, shall under any circumstances create any implication 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.

The Company has engaged SR-Bank Markets as manager (the “**Manager**”) in connection with the Private Placement and the listing of the New Shares on the Oslo Stock Exchange. The Manager is acting for the Company and no one else in relation to the Private Placement and the listing of the New Shares on the Oslo Stock Exchange. The Manager will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Manager or for providing advice in relation to the Private Placement or the listing.

No person is authorised to give information or to make any representation in connection with the Private Placement 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 Manager or by any of the affiliates or advisors of any of the foregoing.

The distribution of this Prospectus may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the New Shares and no one has taken any action that would permit a public offering of Shares to occur. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable law and regulation. The Company and the Manager require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The New Shares may, in certain jurisdictions, be 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. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New 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. This Prospectus has not been approved nor reviewed by the US Securities and Exchange Commission and is not for general distribution in the United States.

This Prospectus does not constitute an offer document or an offer of transferable securities to the public in the United Kingdom (the “**UK**”) to which section 85 of the Financial Services and Markets Act 2000 of the UK (“**FSMA**”) applies and should not be considered as a recommendation that any person should purchase any of the Shares.

This Prospectus is not being distributed by, nor has it been approved for the purposes of section 21 of FSMA, by a person authorised under FSMA.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents is prohibited.

This Prospectus 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 this Prospectus.

TABLE OF CONTENT

1	SUMMARY	6
2	RISK FACTORS	15
2.1	Operational risk	15
2.2	Market risk.....	17
2.3	Financial risk	20
2.4	Risks relating to the Shares.....	21
3	RESPONSIBILITY FOR THE PROSPECTUS.....	23
4	GENERAL INFORMATION	24
4.1	Presentation of financial and other information	24
4.2	Cautionary note regarding forward-looking statements	24
5	THE COMPLETED PRIVATE PLACEMENT	27
5.1	Background and reasons for the Private Placement.....	27
5.2	The Private Placement	27
5.3	Process	29
5.4	The Company’s share capital following the Private Placement	30
5.5	Net proceeds and expenses relating to the Private Placement	30
5.6	Completion.....	31
5.7	Lead Manager and advisors	31
5.8	Interests of natural and legal persons involved in the Private Placement	31
5.9	Dilution.....	31
5.10	Publication of information relating to the Private Placement.....	31
5.11	Governing law and jurisdiction	31
6	BUSINESS OVERVIEW	32
6.1	Demand for subsea services	32
6.2	Oil and offshore market in general	32
6.3	Subsea market	32
6.4	Competitors	33
6.5	The Renewables market.....	33
7	BUSINESS OF THE GROUP.....	35
7.1	Introduction	35
7.2	History and important events	35
7.3	Legal structure of the Group.....	35
7.4	Description of the companies in the Group	35
7.5	Overview of the current business of the Group.....	36
7.6	The Group’s vision and business strategy	37
7.7	Competent and experienced Management	37
7.8	Business segments and principal markets	37
7.9	The Group’s strategy	39
7.10	Material contracts	39
7.11	Facilities	40

7.12	Contracts entered into outside the ordinary course of business	40
7.13	Environmental issues.....	40
8	DIVIDENDS AND DIVIDEND POLICY	41
8.1	Dividend policy	41
8.2	Legal constraints on the distribution of dividends	41
8.3	Dividend per share in Reach Subsea	41
9	CAPITAL RESOURCES	42
9.1	Capitalisation.....	42
9.2	Selected consolidated financial data and other information	46
9.3	Introduction	46
9.4	Historical financial information and summary of accounting policies.....	46
9.5	No significant change	46
9.6	Selected consolidated financial information.....	46
9.7	BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE	50
9.8	Board of Directors	50
9.9	Board committees	53
9.10	Nomination committee.....	53
9.11	Management	53
9.12	Pensions	55
9.13	Conflicts of interests etc.....	55
9.14	Employees	56
9.15	Corporate governance	56
9.16	Operating and financial review.....	56
9.17	Research and development	56
10	CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL	58
10.1	Company corporate information	58
10.2	Stock exchange listing	58
10.3	Share capital	58
10.4	Major shareholders.....	58
10.5	Limitations on the right to own and transfer Shares.....	59
10.6	Outstanding authorisations.....	59
10.7	Other financial instruments	59
10.8	Shareholder rights	59
10.9	The Articles of Association and certain aspects of Norwegian law	59
10.10	Securities trading in Norway	63
10.11	Introduction	63
10.12	Trading and settlement.....	63
10.13	Information, control and surveillance.....	63
10.14	The VPS and transfer of shares	64
10.15	Shareholder register – Norwegian law.....	64
10.16	Foreign investment in shares listed in Norway	64
10.17	Disclosure obligations	64
10.18	Insider trading.....	64
10.19	Mandatory offer requirement	65

10.20	Compulsory acquisition	65
10.21	Foreign exchange controls.....	66
11	TAXATION	67
11.1	Norwegian taxation	67
12	ADDITIONAL INFORMATION	70
12.1	Name, incorporation and registered office	70
12.2	Related party transactions.....	70
12.3	Litigation and disputes.....	70
12.4	Auditor and advisors.....	70
12.5	Documents on display.....	70
12.6	Incorporation by reference	71
13	DEFINITIONS AND GLOSSARY	72
	ARTICLES OF ASSOCIATION OF REACH SUBSEA ASA	75

APPENDICES

Appendix A: ARTICLES OF ASSOCIATION

1 SUMMARY

Summaries are made up of disclosures known as “Elements”. These Elements are numbered in under A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of securities and 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”.

Element A—Introduction and Warnings

A. 1	Introduction and Warnings	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this 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.</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 this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.</p>
A. 2	Introduction and Warnings	<p>Not applicable. No consent is granted by the Company for the use of the Prospectus for subsequent resale or final placement of the Shares.</p>

Element B—Company

B. 1	Legal and Commercial Name	Reach Subsea ASA
B. 2	Domicile and Legal Form, Legislation and Country of Incorporation	<p>The Company is a Norwegian public limited liability company (<i>Nw.: allmennaksjeselskap</i>) with organisation number 922 493 626. The Company was incorporated on 19 August 1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company’s business address is Haraldsgata 190, N-5525, Haugesund, Norway, with telephone number +47 40 00 77 10. The Company’s website address is www.reachsubsea.com.</p>
B. 3	Current Operations, Principal Activities and Markets	<p>Reach Subsea is a subsea operator of Remotely-Operated underwater Vehicles (“ROV”) providing certain ROV and engineering consultancy services to the maritime industry.</p> <p>The Group focuses on ROV-services within inspection, maintenance and repair (“IMR”), survey (seabed, cables etc) and project management and engineering services for the engineering, procurement, installation and construction (“EPIC”) contractors, mainly within cable, oil and gas as well as the renewables sector</p> <p>The Group offers multi support vessels (“MPSV”) with ROVs and is manned with its technical team and engineering staff.</p>

<p>B.4a</p>	<p>Significant Recent Trends</p>	<p>The subsea industry is highly dependent of the Exploration and Production (“E&P”) spending of the Oil and Gas industry and historically there has been a close correlation between oil price and the E&P spending and the prices for subsea services. The recent drop in the oil price has reduced E&P spending and the demand for subsea services and contract prices are lower than previously experienced.</p> <p>The renewables market and the demand for survey services are stronger, however oversupplied with tonnage from the oil and gas sector.</p>															
<p>B.5</p>	<p>Description of the Company</p>	<p>The Group’s operations are currently carried out solely through the wholly-owned subsidiary Reach Subsea AS.</p> <p>Reach Subsea AS was established in 2008 in Norway by four founders with extensive subsea experience. Since its incorporation, Reach Subsea AS has provided certain ROV and engineering consultancy services to the oil industry, including the development of a new survey ROV, the Surveyor Interceptor (the “Surveyor”).</p> <p>Its engineering department consists of highly skilled subsea and marine engineers, all with long experience in planning, management and execution of offshore and subsea operations.</p>															
<p>B.6</p>	<p>Interests in the Company and Voting Rights</p>	<p>As at the date of this Prospectus, and in so far as is known to the Company, the following persons have upon registration in the Business Register of the newly issued shares in the Private Placement, directly or indirectly, an interest of 5% or more of the share capital of the Company (which constitute a notifiable holding under the Norwegian Securities Trading Act)¹:</p> <table border="1" data-bbox="762 1227 1230 1346"> <tr> <td>Accello Partners I AS</td> <td>27.644.254</td> <td>30,3 %</td> </tr> <tr> <td>Joso Invest AS</td> <td>7.214.589</td> <td>7,9 %</td> </tr> <tr> <td>JT Invest AS</td> <td>5.301.539</td> <td>5,8 %</td> </tr> <tr> <td>Normand Drift AS</td> <td>5.000.000</td> <td>5,5 %</td> </tr> <tr> <td>West Supply II Operations AS</td> <td>5.000.000</td> <td>5,5 %</td> </tr> </table>	Accello Partners I AS	27.644.254	30,3 %	Joso Invest AS	7.214.589	7,9 %	JT Invest AS	5.301.539	5,8 %	Normand Drift AS	5.000.000	5,5 %	West Supply II Operations AS	5.000.000	5,5 %
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West Supply II Operations AS	5.000.000	5,5 %															
<p>B.7</p>	<p>Selected Financial Information</p>	<p>The following selected financial information has been extracted from the Company’s Annual Report 2015. The Company’s consolidated annual financial statements have been prepared in accordance with IFRS as adopted by the European Union and the interim financial statements have been prepared in accordance with IAS 34.</p>															

Income statement

	2016	2015	2015	2014
	01.01-31.03	01.01-31.03	01.01-31.12	01.01-31.12
Income statement (in NOK '000)	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>	<i>audited</i>
Operating income	85.962	86.603	634.369	311.050
Other operating income	0	0	0	100
Total operating income	85.962	86.603	634.369	311.150
Operating expenses	-91.947	-91.139	-599.981	-276.455
EBITDA	-5.986	-4.536	34.388	34.695
Depreciation	-6.182	-3.995	-23.030	-13.675
Operating result (EBIT)	-12.168	-8.531	11.358	21.020
Net financial items	-1.582	161	-2.790	3.870
Net result from affiliated companies	-911	-844	-7.173	-59
Profit (loss) before taxes	-14.661	-9.214	1.394	24.831
Taxes	0	0	0	0
Profit (loss)	-14.661	-9.214	1.394	24.831
Comprehensive income				
Gain/loss on financial derivatives og cash flow hedges	0	-1.715	1.268	-1.268
Comprehensive income items	0	-1.715	1.268	-1.268
Total comprehensive income	-14.661	-10.929	2.663	23.563
Earnings per share	-0,19	-0,12	0,02	
Diluted earnings per share	-0,19	-0,12	0,02	

Balance sheet

	2016 31.03 <i>unaudited</i>	2015 31.03 <i>unaudited</i>	2015 31.12. <i>audited</i>	2014 31.12. <i>audited</i>
Consolidated balance sheet (in NOK '000)				
Non-current assets				
Deffered tax assets	8.161	8.161	8.161	8.161
Investment in associated companies	5.918	4.517	6.829	5.361
Property, plant and equipment	134.233	160.549	140.415	97.473
Other long term receivables	0	53.000	53.000	53.000
Total non-current assets	148.312	226.227	208.405	163.995
Current assets				
Trade and other receivables	125.916	65.392	76.478	39.221
Cash and cash equivalents	37.481	44.048	54.370	59.746
Total current assets	163.397	109.440	130.848	98.967
Total assets	311.709	335.668	339.254	262.963
Equity				
Share capital	76.241	76.241	76.241	76.241
Share premium	67.806	67.806	67.806	67.806
Other equity	-660	-648	13.397	10.130
Total equity	143.387	143.399	157.444	154.177
Non-current liabilities				
Interest-bearing debt	86.583	106.939	94.601	59.518
Total non-current liabilities	86.583	106.939	94.601	59.518
Current liabilities				
Current portion of interest bearing debt	18.000	18.000	18.000	10.200
Other current liabilities	63.738	64.346	69.208	48.767
Derivatives	0	2.983	0	
Total current liabilities	81.738	85.330	87.208	58.967
Total liabilities	168.322	192.269	181.809	118.485
Total equity and liabilities	311.709	335.668	339.253	272.662

Cash flow statement

	2016	2015	2015	2014
	01.01-31.12	01.01-31.03	01.01-31.12	01.01-31.12
Cash flow statement	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>	<i>audited</i>
Cash flow from operating activities				
Profit (loss) before tax	-14.661	-9.214	1.394	24.831
Net result from affiliated companies	911	844	7.173	59
Depreciation	6.182	3.995	23.030	13.675
Change in trade debtors	995	-26.601	-40.929	-12.744
Change in trade creditors	-8.777	25.228	12.166	26.843
Change in other provisions	5.874	1.749	22.916	-6.759
Share option cost employees	604	151	604	686
Net cash flow from operating activities	-8.872	-3.848	26.356	46.591
Cash flow from investing activities				
Purchase of fixed assets	0	-9.071	-65.973	-25.404
Purchase of shares in associated companies	0	0	-8.642	-5.420
Gurantees Charter-party	0	0	0	-3.000
Net cash flow from investing activities	0	-9.071	-74.615	-33.824
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	0	0	0	1.033
Proceeds from borrowings	0	0	0	0
Repayment of long term loans	-8.017	-2.779	42.883	-7.772
Net cash flow from financing activities	-8.017	-2.779	42.883	-6.739
Net change in cash and cash equivalents	-16.889	-15.698	-5.376	6.028
Cash and cash equivalents in the start of the period	54.370	59.746	59.746	53.718
Cash and cash equivalents in the end of the period	37.481	44.048	54.370	59.746

		<p><i>Recent development</i></p> <p>In 30 May 2016, the Company resolved a Private Placement and raised gross proceeds of NOK 30,000,000. The Private Placement is part of a comprehensive restructuring involving re-negotiated terms of certain charter agreements and bank agreements. Please refer to a more detailed explanation in chapter 5 of this Prospectus.</p> <p>Apart from the above, there have been no significant changes in the Company's financial and trading position since 31 March 2016.</p>
B.8	Selected Key Pro Forma Financial Information	Not applicable. This Prospectus does not include pro forma financial information.
B.9	Profit Forecast or Estimate	Not applicable. No profit forecast or estimate is made.
B.10	Audit Report Qualifications	Not applicable. There are no qualifications in the audit reports.
B.11	Insufficient Working Capital	Not applicable. The Company is of the opinion that the Group's working capital is sufficient for the Group's present requirements. For purposes of this statement, "working capital" means the ability to access cash and other available liquid resources in order to meet liabilities as they fall due, and "present requirements" means 12 months from the date of this Prospectus.

Element C—Securities

C.1	Type and Class of Securities Admitted to Trading and Identification Number	<p>The Company has one class of shares in issue, and all shares in that class have equal rights in the Company. The Shares have been issued under the Norwegian Public Limited Liability Companies Act and are registered with the VPS under International Securities Identification Number ("ISIN") NO0003117202.</p> <p>From the first day of listing the New Shares will be transferred to and registered with the VPS under the same ISIN as the existing Shares (NO0003117202).</p>
C.2	Currency of Issue	The New Shares will, equally to the existing Shares, have a par value in, be quoted in and traded in Norwegian kroner ("NOK") on the Oslo Stock Exchange.
C.3	Number and Shares in Issue and Par Value	As at the date of this Prospectus, the Company's share capital is NOK 91,241,065, consisting of 91,241,065 Shares, each with a par value of NOK 1.00. This includes the 15,000,000 New Shares
C.4	Rights Attaching to the Securities	All Shares provide equal rights in the Company in accordance with the Norwegian Public Limited Liability Companies Act. The holders of the Shares have certain preferential rights to subscribe for new Shares issued by the Company, which may be waived by a resolution supported by holders of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. The holders of the Shares have no pre-emptive rights in connection with the transfer of Shares.

C.5	Restrictions on Transfer	Not applicable. The Company’s articles of association as at the date of this Prospectus (the “Articles of Association”) do not provide for any restrictions on the transfer of Shares, or a right of first refusal for any shareholder upon any sale of Shares. Share transfers are not subject to approval by the Board of Directors.
C.6	Admission to Trading	Trading in the New Shares on the Oslo Stock Exchange is expected to commence under the trading symbol “REACH” on or about 15 June 2016 (the “First Day of Listing”).
C.7	Dividend Policy	<p>Reach’s primary objective is to give the shareholders a return on their investment that is at least equal to alternative investments with a comparable risk profile. It is the Board of Directors’ aim that the Shares of the Company shall appear as a liquid and attractive investment opportunity.</p> <p>The Company’s strategy is to continue to grow its business, and no dividends payments are therefore expected the next few years.</p>

Element D—Risks

D.1	Key Risks Specific to the Company or its Industry	<ul style="list-style-type: none"> • The Group’s business, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry • The level of activity and spending by the E&P companies is affected by volatile oil and gas prices. • The Group operates in a marine environment, which is subject to the forces of nature, as well as environmental, governmental and climatological risks, that could cause damage to, loss of, or suspension of operations by the Group’s vessels and could result in reduced levels of offshore activity. • Competition and innovations could damage the Group’s ability to compete effectively.
D.3	Key Risks Specific to the Securities	<ul style="list-style-type: none"> • The price of the Shares could fluctuate significantly, and a number of factors outside the Group’s control may impact its performance and the price of the Shares. Such factors include, but are not limited to, a change in market sentiment regarding the Shares, the Group, the operating and share price performance of other companies in the industry and markets in which the Group operates.

	<ul style="list-style-type: none"> • Future issuances of Shares or other securities in the Company could dilute the holdings of shareholders and could materially affect the price of the Shares. • Investors may not be able to exercise their voting rights for Shares registered in a nominee account. • Investors in other jurisdictions than Norway may not be able to enforce any judgement obtained in such jurisdiction against the Company or its directors or executive officers in Norway. • The transfer of the Shares may be subject to restrictions on transferability and resale in certain jurisdictions. • Shareholders outside of Norway are subject to exchange rate risk.
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Element E–Offer

E.1	Net Proceeds and Estimated Expenses	<p>The gross proceeds from the Private Placement were NOK 30 million.</p> <p>The Company estimates that the total expenses in connection with the Private Placement will amount to approximately NOK 1 million.</p> <p>The net proceeds from the Private Placement will accordingly amount to approximately NOK 29 million.</p>
E.2a	Reasons for the Offer and Use of Proceeds	<p>The Company has been in prolonged discussions with its main stakeholders, mainly SR-Bank and Solstad Offshore ASA and Østensjø Rederi AS to find a sustainable long-term solution (“the Restructuring”) after the decline in subsea activity in 2015.</p> <p>The Restructuring included certain amendments to the Edda Fonn charter party agreement (“Edda Fonn CP”) and the Normand Reach charter party agreement (“Normand Reach CP”), entered into between Reach Subsea AS and Østensjø Rederi AS and Normand Drift AS, respectively.</p> <p>The Restructuring also included certain amendments to the bank agreement with SR-Bank. All bank guarantees were released and a revolving credit facility was reduced from NOK 20 million to NOK 10 million until December 2016. Furthermore, the loan facilities for the vessels Supporter 7 and Supporter 10 was renegotiated and refinanced so that the loan amount increased to NOK 31.5 million (from 11.5 million) with 3 years of amortization. The mortgages remain as before.</p> <p>The related covenants are:</p> <p>Minimum working capital ratio of 1.3</p> <p>Minimum free cash of NOK 10 million</p> <p>Book to equity ratio of minimum 40%</p> <p>Minimum 40 million in equity</p> <p>12 months rolling EBITDA of no less than NOK 10 million</p> <p>NOK 20 million of the proceeds in the Private Placement is contributed to the Company in the form of conversion of debt issued to Normand Reach AS and West Supply Operations II AS as a part of the Restructuring. The remaining part of the Proceeds – a NOK 10 million cash contribution – will be used to complete the Restructuring involving a prepayment to Solstad Offshore ASA amounting to NOK 56 million.</p>

E.4	Material and Conflicting Interests	<p>The Managers or their affiliates have provided, from time to time, and may in the future provide, 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 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> <p>Beyond the abovementioned, the Company is not aware of any interest of natural and legal persons involved in the Private Placement.</p>
E.5	Selling Shareholders and Lock-Up Agreements	Not applicable. There will be no selling shareholders or any lock-up agreements.
E.6	Dilution	The Private Placement resulted in a dilution of the then existing shareholders of the Company of approximately 16.5%.
E.7	Estimated Expenses Charged to Investors	Not applicable. No expenses will be charged to shareholders by the Company.

2 RISK FACTORS

Investing in the Shares involves inherent risks. An investor should consider carefully all of the information set forth in this Prospectus, and, in particular, the specific risk factors set out below. An investment in the Shares is suitable only for investors who understand the risk associated with this type of investment and who can afford a loss of all or part of the investment.

If any of the risks described below materialise, individually or together with other circumstances, they could have a material adverse effect on the business, results of operations and financial condition of the Reach Group, which could cause a decline in the value and trading price of the Shares and, therefore, result in a loss of all or part of any investment in the Shares.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

2.1 Operational risk

2.1.1 The Group's competitive position could be damaged by competition and innovations

The Group is dependent upon obtaining technology and service offering that is in accordance with what the prospective client demands. If the Group's technology or service offering is unable to obtain market acceptance it could have adverse effects on the Group's profitability.

The crucial role of technology, especially for ROVs, in moving subsea industry forward is given. The focus of oil and gas companies, from a subsea perspective, will include enabling technologies operating safely in high pressure and temperature environments, extracting heavy crude oil, stranded gas and ultra-deepwater environments, production optimization and decreasing life-of-field costs. In order to accommodate these new challenges in a cost effective way the competing subsea providers must innovate, both in terms of technology and project management. The long-term success for the Group will be dependent upon the capabilities of creating innovations thereby retaining and gaining market share.

2.1.2 The Group may not be successful in retaining key personnel, which may adversely affect the Group's operations.

As a technology driven company with focus on human resource and creativity, the Group is dependent upon key individuals in the organisation. If such key individuals were to end their employment in the Group, this could result in negative consequences for the future development of the business. A departure by key members of the Management of the Group may have a material adverse effect on the Group's operations and ability to achieve its strategic goals. Individual period performance may also be significantly affected by the timing of contract completion, when the final outcome of a contract may be fully assessed. This may have an adverse effect on the performance of the Group.

In addition, the Group's success may often depend upon the combined expertise of vessel operators, ROV team and subsea equipment providers in order to successfully complete projects. The combined expertise should ideally amalgamate seamlessly, but the risk of communication problems and cooperation problems may be apparent and effect the Group's operations.

2.1.3 The execution of the Group's strategy is dependent upon the successful contracting of new vessels and engineering consultancy projects.

The Group's ability to contract new vessels, at the desired rate and of the desired specifications and quality is an operational risk that may have adverse effect on the Group's business if it does not materializes.

2.1.4 The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently, which could have a material adverse impact on the profitability of the Group.

The success of the Group will depend on identifying key issues and risks with respect to potential projects and ensuring that the contractual arrangements in relation to each project adequately safeguard the Group against such risks. The Group must continue to manage risks efficiently as well as adapt to developing circumstances during the life of a project. Such issues and risks may include, but are not limited to, labour costs, wage inflation, and the cost of capital maintenance or replacement of assets. Unanticipated increases in costs in relation to these and other areas may reduce operating profit to the extent that such increases cannot be passed on to customers. Significant financial consequences may be imposed on the Group if its services are not delivered in accordance with the contract. While the identification of key risks, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts is an inherent part of the Group's business, the length and complexity of such projects may imply that management's estimates can be particularly difficult to make and could turn out to be potentially inaccurate. If the risk management strategies employed

by the Group fail to identify key risks or accurately estimate costs and timetables, or do not adapt quickly enough to new risks or other changes in the market, this could lead to breach of contract from the Group's side or a claim for damages by a customer and may also have a material adverse impact on the Group's results of operations and financial conditions.

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

Operating revenues may fluctuate as a function of changes in supply and demand for the Group's services, which in turn affect revenues. In addition, equipment maintenance costs fluctuate depending upon the type of activity each vessel, ROV or personnel is performing. In connection with new assignments, the Group might incur expenses relating to preparation for operations under a new contract. The expenses may vary based on the scope and length of such required preparations and the duration of the firm contractual period over which such expenditures are amortized. In a situation where a vessel or ROV faces longer idle periods, reductions in costs may not be immediate as some of the crew may be required to prepare vessels or ROVs for stacking and maintenance in the stacking period. Should vessels be idle for a longer period, the Group may seek to redeploy crew members who are not required to maintain the vessels to active units to the extent possible in an attempt to reduce its costs. However, there can be no assurance that such attempt will be successful.

2.1.6 The Group's future contracted revenue for its vessels, ROVs or engineering personnel may not be ultimately realized.

The Group may not be able to perform under its current and future contracts due to events beyond its control or due to default of the Group, and any of the Group's customers may seek to cancel or renegotiate contracts for various reasons, including adverse conditions, or invoke suspension periods, at their discretion, resulting in lower revenue. The inability of the Group or its customers to perform contractual obligations under these contracts may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

The operation of vessels and ROVs requires effective maintenance routines and functioning equipment. Certain pieces of equipment are critical for the vessels or ROVs performance of the services as required in customer contracts. While efforts are made to continuously identify the need for critical spare parts, additional personnel and equipment, there exists 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 spares. In addition, downtime and suspension periods may be prolonged due to complications with repairing or replacing equipment as the vessels may be situated in remote locations.

2.1.7 The Group may not be able to renew or obtain new and favorable contracts for vessels or ROVs whose contracts are expiring or are terminated, which could materially adversely affect the Group's results of operation, cash flows and financial condition.

The Group's results of operations and cash flows could be materially adversely affected if any of its customers (i) fail to compensate the Group for its services; (ii) were to terminate the contract with or without cause; (iii) fail to renew the existing contract; or (iv) refuse to award new contracts to the Group and the Group is unable to enter into contracts with new customers at comparable prices.

2.1.8 The Group's future vessels may not have the service life projected for them, which may affect the Group's operating results and financial condition.

The service life of subsea vessels and modern ROVs is generally considered to exceed thirty years, but may ultimately depend on its efficiency and demand for such equipment, as well as the requirements from customers and authorities. There can be no guarantee that the future vessels of the Group will have a long service life. The vessels may have particular unforeseen technical problems or deficiencies, new environmental requirements may be implemented or enforced, or new technical solutions or vessels may be introduced that are more in demand than the technical solutions and vessels of the Group, causing less demand and use of these vessels. Although it may be possible to upgrade vessels to counteract some of these effects should they occur, this may have a material adverse effect on the operating results and financial condition of the Group.

2.1.9 Reputational and compliance risks.

The Group's reputation and its ability to do business may be impaired by the inappropriate behavior by any of its employees or agents or those of its affiliates. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those affiliated may take actions that violate the law and could result in monetary penalties against the Group or its respective affiliates and could damage the reputation and, therefore, the ability to do business of the Group.

2.2 Market risk

2.2.1 The Group's business, strategy, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a decline in offshore oil and gas exploration, development and production.

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

- worldwide demand for natural gas;
- the cost of exploring for, developing, producing, transporting and distributing oil and gas;
- expectations regarding future energy prices – for both oil and gas and other sources of energy;
- the ability of the Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain production and impact pricing;
- level of world-wide production;
- government laws and regulations, including environmental protection laws and regulations;
- the development and exploitation of alternative fuels, and the competitive, social and political position of oil and gas as a source of energy compared with other energy sources;
- local and international political, economic and weather conditions;
- political and military conflicts;
- risk of consolidation in the industry;
- the development and exploitation of alternative energy sources; and
- uncertainty relating to the development of the world economy.

Demand for offshore subsea services and vessel services in connection with exploration, development and production in the offshore oil and gas industry may be sensitive to oil and gas price fluctuations, low production levels and disappointing exploration results as well as possible political incidents. Any prolonged reduction in oil and gas prices could lead to reduced levels of exploration, development and production activity, which may in turn have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

Investments in exploration, development and production are partly based on the field operator companies' assessment of the long-term oil and gas price. The development of new oil and gas fields is expected to correlate with the development in the prices and the costs associated with the development, operations and maintenance of new fields. A long-term drop in oil and gas prices will affect the profitability of new offshore fields, which likely would reduce the market for the products and services offered by the Group.

2.2.2 The Group's results of operations, cash flow and financial condition are significantly affected by the charter rates.

Historically, the rates in the offshore shipping markets have been cyclical, with significant fluctuations in charter rates. Depending upon the Group's future plans on either charting vessels themselves, or owning vessels and chartering them to other parties, the rates will significantly affect the Groups performance. Factors such as those listed below influence the offshore markets:

- general offshore activity world-wide, especially in the North Sea;
- oil prices;
- net growth in the supply of vessels and ROVs;
- a lower than expected net growth in the number of vessels and ROVs;
- political changes related to regulatory framework; and
- competition

An adverse development in the charter rates will have a negative effect on the operating results and financial condition of the Group.

2.2.3 The Group operates in a marine environment, which is subject to the forces of nature, as well as environmental and climatological risks, that could cause damage to, loss of or suspension of operations by the Group’s vessels and could result in reduced levels of offshore activity.

The Group’s future vessels and ROVs are subject to risks particular to marine operations, including capsizing, grounding, sinking, collision and loss and damage from severe weather, storms, fire, earthquakes, tsunamis or explosions. Any of the foregoing circumstances could result in damage to, or destruction of, vessels or equipment, personal injury and property damage, suspension of operations or environmental damage.

Litigation from any such event may result in the Group being named as a defendant in lawsuits asserting large claims. Moreover, the loss of any one vessel could result in the Group’s inability to meet contract deadlines or improve vessel utilization, which could damage its relationships with key customers, result in opportunity costs to the Group and have a material adverse effect on the Group’s business, results of operations, cash flows, financial condition or prospects.

Furthermore, adverse weather conditions usually result in low levels of offshore activity. Additionally, during certain periods of the year, the Group’s vessels may encounter adverse weather conditions such as hurricanes or storms. During periods of curtailed activity due to adverse weather conditions, the Group could continue to incur operating expenses, but its revenues from operations may be delayed or reduced.

2.2.4 The Group could face additional supply of vessels and ROVs in the subsea services industry that could materially adversely affect the Group’s competitive position and the rates it can charge for its services.

The Group operates in the offshore services industry, which is a highly competitive and fragmented industry that includes several large companies that compete in the markets the Group serves, or will serve, as well as numerous small companies that compete with the Group on a local basis.

2.2.5 The Group’s planned business involves numerous operating hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Group’s results of operations, cash flows and financial condition.

The Group’s planned operations will be subject to hazards inherent in the industry where it operates, service down time on its future vessels and ROVs, equipment defects, fires, explosions and pollution. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by employees, third parties or customers and suspension of operations. The operation of the Group’s future vessels will also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages.

Damage to the environment could also result from the Group’s planned operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. The Group’s operations also involve the use and handling of materials that can be environmentally hazardous. Environmental legislation has, in general, become stricter in recent years. These laws and regulations might expose the Group to liability due to events caused by others or by the companies themselves, even though the actions were consistent with existing laws at the time. The Group would expect to get some contractual compensation from its customers through contractual regulation of events such as pollution and other environmental damages. However, there can be no assurance that the compensation achieved in such events, if achieved at all, will cover losses inflicted on them.

Further, the Group’s vessels and ROVs may suffer damage in the course of loading, diving, transporting or discharging cargo, which could cause suspension of operations and have a material adverse effect on the Group’s results of operations, cash flows and financial condition.

The Group may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have in the past led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Group’s business and financial condition. In addition, the Group’s insurance may be voidable by the insurers as a result of certain of the Group’s actions, such as the Group’s ships failing to maintain certification with applicable maritime self-regulatory organizations.

The amount of the Group’s insurance cover may be less than the related impact on enterprise value after a loss. The Group’s coverage includes policy limits. As a result, the Group retains the risk through self-insurance for any losses in

excess of these limits. Any such lack of reimbursement may cause the Group to incur substantial costs. In addition, the Group could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Group has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Group's insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Group's statement of financial position, results of operations or cash flows.

2.2.6 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, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.

The operating hazards inherent in the Group's business may expose the Group to litigation processes. The Group is currently not involved in any defensive litigation. However, the Group may in the future be involved in litigation matters from time to time. The Group cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have an adverse effect on the Group's business, results of operations and financial position, and the Group's ability to pay dividends because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of Management's attention to these matters.

2.2.7 The Group's potential operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Group operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc.

The Group's intent and vision involves pursuing operations in many different countries where oil and gas E&P is present, such as Europe/West Africa, Australasia and Americas/worldwide. The Group will from time to time operate in various jurisdictions and such international operations involve additional risks, including risks of:

- terrorist acts, war, civil disturbances and acts of piracy;
- seizure, nationalization or expropriation of property or equipment;
- political unrest;
- labor unrest and strikes;
- third party claims resulting from alleged breach of patented and other intellectual property;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- impositions of embargos;
- import-export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions that are beyond the Group's control;
- regulatory or financial requirements to comply with foreign bureaucratic actions; and
- change in taxation policies.

In addition, international operations are subject to the various laws and regulations in various countries and jurisdictions, including laws and regulations relating to:

- the vessels and the equipment requirements;
- 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 vessels and related equipment;
- requirements for local registration or ownership of vessels by nationals of the country of operations in certain countries; and
- the use and compensation of local employees and suppliers by foreign contractors.

Some foreign governments favor or effectively require (i) the awarding of contracts to local contractors or to vessels owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may materially adversely affect the Group's ability to compete in those regions.

2.2.8 Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for the Group's services and restrict the Group's ability to operate its vessels or otherwise.

Changes in the legislative and fiscal framework governing the activities of oil and gas business could have material impact on exploration and development activities, or affect the Group's operations or financial results directly. Changes in political regimes may constitute a material risk factor for the operations in foreign countries.

The Group's intent and vision is to operate in several countries and its operations may include projects and investments in countries that are unsafe and politically unstable. Activities in such countries will often involve greater risk than the Group typically experiences, including unfavourable changes in tax laws and other laws, partly or full expropriation, currency volatility and restrictions on currency transfer, disruption of operations because of labour disputes or political riots, riots or wars, and some individual countries' requirement for some local ownership interests.

The Group is subject to laws, regulations and supervisory rules in countries where the activities are performed. The operations of the Group can be affected by changes in environmental laws and other regulations that can result in large expenses in, for example, modification of vessels and changes in the operation of vessels.

2.3 Financial risk

2.3.1 The Group may be dependent on funding from investors and/or banks to finance its operations going forward and no assurance can be given that sufficient capital will be secured, or the terms at which such capital can be secured (if any) or with respect to the amount of capital that will be requires.

The Group's planned business is capital intensive and, to the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures, e.g. such as the financing of acquisition of new vessels and ROVs and acquisition of other businesses. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. If the Group raises additional funds by issuing additional shares or other securities the holdings of existing shareholders may be diluted. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations and financial condition.

2.3.2 The Group's loan agreements include terms, conditions and covenants that may impose restrictions on the operations of the Group. A failure to comply with the conditions and covenants may have a material and adverse effect on the Group.

If the Group is unable to comply with the restrictions and covenants in its existing and future debt financing agreements, there could be a default 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 the Group's future performance and may be affected by events beyond its control. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed as due and payable. 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 favorable or acceptable to the Group. Any changes to accounting practices related to e.g. new leasing standards under IFRS could materially impact the Group's reported covenants.

2.3.3 The Group is exposed to the risk of contractual default by a counterparty.

The Group routinely executes transactions many of which expose the Group to the risk of contractual default by a counterparty. A general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. The Group's cash flows and financial condition may be materially adversely affected should its counterparts fail to fulfill their payment obligations towards the Group.

2.3.4 The Group may be exposed to changes in interest rates and exchange rates, which may adversely impact the Group's cash flows and financial condition.

The Group may in the future incur significant amounts of debt. In such case, movements in interest rates could have certain effects on the Group's cash flow and financial condition. Further, fluctuations in currency exchange rates may have a material impact on the Group's financial performance. Future purchases from subcontractors and deliveries to the customer may be made in other currencies than NOK. Fluctuating foreign exchange rates can have an effect on the results of the operations.

2.3.5 Changes in tax regimes and taxation may adversely affect the Group's cash flows and financial condition.

The Group may be subject to the special tax rules for ship owners in the Norwegian Taxation Act (Section 8-10 to Section 8-20). Further, such special tax rules stipulate certain requirements which will have to be met in order to qualify for taxation pursuant to such rules. No assurance can be given that the Group will meet such requirements in the future. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Group.

2.4 Risks relating to the Shares**2.4.1 The market value of the Shares may fluctuate significantly and may not reflect the Group's underlying asset value.**

An investment in the Shares may decrease in market value as well as increase. The market value of the Shares can fluctuate significantly and may not always reflect the underlying asset value. A number of factors outside the Group's control may impact its performance and the price of the Shares. Such factors include, but are not limited to, a change in market sentiment regarding the Shares, the Group, the operating and share price performance of other companies in the industry and markets in which the Group operates. Changes in market sentiment may be due to speculation about the Group's business in the media or investment community, changes to the Group's profit estimates, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, this may have a material adverse effect on the pricing of the Shares.

In recent years, the Oslo Stock Exchange has experienced wide price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies.

2.4.2 The Company's ability to pay dividends is dependent on the availability of distributable reserves.

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the Company's general meeting of shareholders. Dividends may only be declared to the extent that the Company has distributable funds and the Company's Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and the companies in which the Company has invested.

As a general rule, the general meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the general meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

2.4.3 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 equity-based securities through directed offerings without pre-emptive rights for existing holders. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share.

2.4.4 Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S. or other shareholders.

Under Norwegian law, unless otherwise resolved at a general meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing share ownership in the issuance of any new shares for cash consideration. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act of 1933 is in effect in respect of such rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

2.4.5 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 for such Shares unless their ownership is re-registered in their names with the VPS prior to the general meetings. The Company 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 for their Shares in the manner desired by such beneficial owners.

2.4.6 Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.

The Company is a public limited company organised under the laws of Norway. The members of its Board of Directors and management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

2.4.7 Norwegian law may limit shareholders' ability to bring an action against the Company.

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

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

The Shares have been admitted to public trading in Norway but the Company has not registered the Shares under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and it does not expect to do so in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or rights offerings.

2.4.9 Market interest rates may influence the price of the Shares.

One of the factors that may influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

3 RESPONSIBILITY FOR THE PROSPECTUS

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

22 June 2016

The Board of Directors of Reach Subsea ASA

Kåre Johannes Lie
Chairman

Martha Kold Bakkevig
Board member

Sverre B. Mikkelsen
Board member

Anders Onarheim
Board member

Merete Haugli
Board member

4 GENERAL INFORMATION

This Section provides general information on the presentation of financial and other information, as well as the use of forward-looking statements, in this Prospectus. Information on the exchange rate between one U.S. dollar and Norwegian krone, one Euro and one British Pound Sterling, respectively used in the financial statements for the Group, have been included for the convenience of the reader.

4.1 Presentation of financial and other information

4.1.1 Financial information

The financial information contained in this Prospectus relating to the Company has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2015 and 2014, and from the Company's unaudited consolidated financial statement as of, and for the three months ended, 31 March 2016 and 2015, as incorporated by reference in this Prospectus (see Section 12.6 "Incorporation by reference"). The financial statements for the Company as of, and for the years ended, 31 December 2015 and 2014, and as of, and for the three months ended, 31 March 2016 and 2015 have been prepared in accordance with IFRS as adopted by the EU.

The financial statements for the Company as of, and for the year ended, 31 December 2015 and 31 December 2014 have been audited by PricewaterhouseCoopers AS as set forth in their auditor's report incorporated by reference herein. The Company's consolidated financial statement as of, and for the three months ended, 31 March 2016 and 2015 have not been audited.

Unless otherwise stated herein, the financial information set out in this Prospectus is unaudited.

4.1.2 Industry and market data

This Prospectus contains market data, industry forecasts and other information, including information related to the sizes of the markets in which the Group operates. The information is based on a number of sources, but is a result of the Company's own interpretation of these. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. This Prospectus contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

4.1.3 Other information

Unless otherwise indicated, all references in this Prospectus to "NOK" are to the lawful currency of Norway; 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; and all references to "USD" are to the lawful currency of the United States of America.

4.1.4 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.

4.2 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Group's current intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industries and markets in which the Group operates. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. Forward-looking statements as a general matter are all statements other than statements as to historic facts or present facts or circumstances. Forward-looking statements appear in Section 7 "Market Overview", Section 8 "Business of the Group", Section 9 "Dividends and Dividend Policy" and Section 12 "Operating and Financial Review", and include, among other things, statements relating to:

- the Group's strategy, outlook and growth prospects and the ability of the Group to implement its strategic initiatives;
- the Group's future results of operations;
- the Group's financial condition;

- the Group’s working capital, cash flows and capital investments;
- the Company’s dividend policy;
- the impact of regulation on the Group;
- general economic trends and trends in the Group’s industries and markets; and
- the competitive environment in which the Group operates.

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 industries and markets 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 can provide no assurances that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

Although the Company believes that the expectations implied by these forward-looking statements are reasonable, the Company can give no assurances that the outcomes contemplated will materialise or prove to be correct. 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, outcomes may differ materially from those set out in any forward-looking statement. Important factors that could cause those differences include, but are not limited to:

- implementation of its strategy and its ability to further expand its business and growth;
- expected trends in the development of the subsea market;
- the competitive nature of the business the Group operates in and the competitive pressure and changes to the competitive environment in general;
- loss of important customers;
- earnings, cash flow, dividends and other expected financial results and conditions;
- fluctuations of exchange and interest rates;
- changes in general economic and industry conditions;
- political and governmental and social changes;
- changes in the legal and regulatory environment;
- environmental liabilities;
- access to funding; and
- legal proceedings.

Additional factors that could cause the Group’s actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Section 2 “Risk Factors” and Section 7 “Business of the Group”. Prospective investors are urged to read all Sections of this Prospectus and, in particular, Section 2 “Risk Factors” and Section 12 “Operating and Financial Review” 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.

These forward-looking statements speak only as of the date of this Prospectus. Save as required by Section 7-15 of the Norwegian Securities Trading Act or by other applicable law, the Company expressly disclaims any 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. Accordingly, prospective investors are urged not to place undue reliance on any of the forward-looking statements herein.

5 THE COMPLETED PRIVATE PLACEMENT

This Section provides information on the completed Private Placement of Shares in the Company. You should read this Section in conjunction with the other parts of this Prospectus, in particular, Section 6 “Business Overview” and Section 7 “Business of the Group” and the Appendix 2 “Annual Report 2015”

5.1 Background and reasons for the Private Placement

On April 26, 2016, the Company announced in a stock exchange notice a comprehensive restructuring of its charter obligations as well as certain amendments to its bank agreements and leasing obligations (the “Restructuring”).

The background for the Restructuring was the need for an adjustment of the Company’s charter agreements. This due to the change in the market conditions in which the Company operates. Please see section 6.1 – 6.4 for a further description of the business overview.

The Restructuring aimed at enabling the Company to move forward and continue its business with market based charter-in rates. Solstad Offshore AS (“Solstad”) and Østensjø Rederi AS (“Østensjø”) was part of the restructuring as they owned the two vessels Normand Reach and Edda Fonn respectively. Post the restructuring the Company should be better equipped to handle a prolonged period of weak market conditions as the significant reduction in charter commitments should provide the Company with a competitive and flexible cost base.

In a Board Meeting as of May 9, 2016, the Board proposed that the annual general assembly (“AGM”) should resolve a private placement in which both Normand Drift AS (“Normand Drift”), which is 100 % owned by Solstad, and West Supply II Operation AS (“West Supply”), which is 100% owned by Østensjø, would be entitled to subscribe for 5.000.000 shares each at a subscription price of NOK 2,- per share, with settlement in conversion of debt issued to same parties in connection with the restructuring. The Board also proposed as a part of the private placement, that Accello Partners I AS and some selected employees and Board Members, should be entitled to subscribe for 5.000.000 share at the same subscription price with settlement in cash.

PricewaterhouseCoopers AS, the company’s independent auditor, gave an external opinion to the board of directors on May 9, 2016, cf. section 10-2 of the Norwegian Public Limited Liability Companies Act, regarding the conversion of debt. The opinion states the debt of NOK 10.000.000 to each of Normand Drift and West Supply was established post the negotiations with independent third parties as compensation for reduced charter hire. The opinion was contingent upon final agreements between the Company and Normand Drift and West Supply respectively.

The Company will use a portion of the cash proceeds to repay part of its current debt and bank loan. Hence, the Company’s liquidity reserves will not be materially impacted by the Restructuring. The working capital remains sufficient to meet the Company’s current obligations and to progress the business of the Company (ref. Section 9.1.2 *Capitalisation and Indebtedness* for further details).

In total 15.000.000 shares (the “New Shares”) was proposed issued at a subscription price of NOK 2.00 (the “Private Placement”)

5.2 The Private Placement

5.2.1 Resolution relating to the Private Placement and the issue of the New Shares

On May 30, 2016, the Annual General Meeting resolved, in accordance with the proposition from the Board of 9. May 2016, that new shares were to be issued as follows:

- I. The Company’s share capital shall be increased by NOK 15.000.000, by subscription of 15.000.000 New Shares, each with a par value of NOK 1.
- II. The Subscription Price is NOK 2 per share. The total subscription amount is thus NOK 30.000.000
- III. Of the proceeds NOK 10.000.000 will be paid in cash. Payment for the new shares shall take place no later than five working days after the subscription and not later than June 30, 2016. Payment shall be made to account number 3201 60 05575 (Sparebank 1 SR-Bank)
- IV. Subscription from Normand Drift AS (on behalf of Normand Drift AS) by set-off of receivables from the same amount as the company has towards Reach Subsea ASA. The share contribution shall be made immediately after the subscription by offsetting receivables of NOK 10 million that Normand Drift AS

has towards the company. For a more detailed description of the receivables, please see the attached external expert statement.

- V. Subscription by West Supply II Operations AS by set-off of receivables from the same amount as the company has towards Reach Subsea ASA. The share contribution shall be made immediately after the subscription by offsetting receivables of NOK 10 million that West Supply II Operations AS has towards the company. For a more detailed description of the receivables, please see Section 5.1 *Background and reasons for the Private Placement*.
- VI. *Approval of the external expert opinion regarding the mentioned debt conversions, cf. Norwegian Public Companies Act § 10-2 (3).*
- VII. The New Shares was subscribed as follows:

Subscriber	No of shares	Amount (NOK)
Normand Drift AS	5.000.000	10.000.000
West Supply II Operations AS	5.000.000	10.000.000
Accello Partners I AS	4.200.000	8.400.000
Joso Invest AS	250.000	500.000
Kold Invest AS	100.000	200.000
Consus AS	50.000	100.000
Lion Invest AS	200.000	400.000
Bård Thuen Høgheim	150.000	300.000
Tyrihans Management AS	50.000	100.000
Total	15.000.000	30.000.000

- VIII. The existing shareholders' right of first refusal in accordance with Norwegian Public Companies Act § 10-4 is hereby waived, cf. section 10-5 of the NPCA
- IX. The shares are subscribed for in the minutes of the general meeting.
- X. The new shares carry rights from the registration of the capital increase in the Foretaksregisteret from the subscription of the shares ref. Norwegian Public Companies Act § 10-11.
- XI. The Company's estimated costs related to the capital increase is approximately NOK 1 million. Costs will be paid by the company.

The new shares was subscribed for in the annual general meeting's minutes.

Anders Onarheim and Rachid Bendriss, shareholders of Accello Partners I AS, was granted a total guarantee fee of NOK 0.25 million each.

5.2.2 Resolution regarding the issue of independent subscription rights to Soltstad

On May 30, 2016, the Annual General Meeting resolved the issue of independent subscription rights in accordance with the Norwegian Public Companies Act § 11-12. The rationale for the proposal by the board which led to this resolution was to grant options to Solstad Offshore in connection with the restructuring of the time charters.

The General Meeting resolved to adopt the following resolution:

- (I) 4,000,000 independent subscription rights are issued, whereas each of these gives the right to subscribe for one new share with a par value of NOK 1. Total number of shares issued to Normand Drift AS after the private placements where the options are exercised shall not exceed 9.5% ownership in Reach Subsea ASA.
- (II) The independent subscription rights are subscribed by Normand Drift AS. The existing shareholders' right of first refusal in accordance with the Norwegian Public Companies Act §11-13, ref §10-4 was waived.
- (III) Subscription of the subscription rights took place immediately after the General Meeting decision regarding the issuance of the subscription rights. Subscription of the subscription rights was made in the minutes of the General Meeting which resolves the issue of the subscription rights.
- (IV) The subscription rights was granted without any option premium to be paid as consideration.
- (V) If the subscription right is exercised, the subscription price is NOK 3 per share.

- (VI) Exercise of the subscription rights may take place during the period after 12.06.2018, or such earlier date on which the bid is made (voluntary or mandatory) for the acquisition of all shares in the Company, however not later than 12.06.2019. The exercise shall be made by written notice to the Company, which must reach the Company within the deadline. The notification shall state the number of subscription rights they have and how many of those that are exercised. If the charterparty contracts existing at the time of issuance of the warrants is terminated, the number of warrants by half, ie total 2,000,000 warrants. (VII) The new shares are granted dividend rights from the accounting year the subscription right is exercised. Other rights are granted at the time of registration of the capital increase in the Norwegian Register of Business Enterprise.
- (VII) The Company's decision to increase or decrease the share capital, issuance of warrants, dissolution, merger, demerger or reorganization, or decision that the shares be split, spliced or nominal value is changed, the number of shares that may be required to be issued for each Subscription Right (ref. Point 2) and / or the compensation to be paid for the shares (ref. section iv) adjusted accordingly and possibly rounded down to the nearest whole share. If it is uncertain which effect a change of the capital of the company shall have for the holder of the independent subscription right, an adjustment shall be made in order to ensure that, to the extent possible, the holder of the subscription rights does not gain any benefits or disadvantage as a result of the change in the capital of the company.

The independent subscription rights are not transferable.

5.2.3 Other financial implications of the Restructuring

The Restructuring also included certain other immediate financial implications for the Company:

- Reach's total off-balance sheet bank guarantees of NOK 87 million was cancelled
- Leasing debt was reduced by NOK 26 million, while bank debt was increased by 20 million
- As compensation for the above, total restricted cash deposits of NOK 53 million was released and paid out

As a result, total debt, including bank guarantees, and adjusted for restricted cash deposits, was reduced from NOK 140 million to approximately NOK 95 million. The Company's working capital remains positive and the cash position was not materially impacted by the restructuring, and in the Company's opinion remains robust (please see Section 9.1.2 *Capitalisation and indebtedness* for further details).

5.3 Process

The Private Placement was directed towards certain existing shareholders in the Company, employees, board members and Normand Drift AS and West Supply II Operations AS. The election of shareholders was based on the sole discretion of the Company's board, taking into account, amongst other things, the Restructuring and shareholders' long term commitment.

The existing shareholders' pre-emption rights to participate in the Private Placement, cf. section 10-5 of the Norwegian Public Limited Liability Companies Act were derogated from because:

- a) the subscription price in the Private Placement did not offer a discount to the shareholders participating in the Private Placement compared to the closing price of the Company's shares on the day of the allocation;
- b) since the subscription price in the Private Placement was set at market price and there were satisfactory liquidity in the Share, the limited number of shareholders who were not given the opportunity to participate in the Private Placement would be able to maintain their pro rata shareholdings by acquiring Shares in the market; and
- c) the Private Placement did not, based on the Board of Directors' proposed allocation, materially alter the power balance amongst the Company's shareholders.

Since the completion of the Private Placement the trading price of the Shares has remained below the subscription price of NOK 2.00. Shareholders who were not given the opportunity to participate in the Private Placement could have bought Shares in the market in order to maintain their shareholding position in the Company.

The Private Placement is estimated to be registered with Foretaksregisteret on or about 15 June 2016.

5.3.1 The rights conferred by the New Shares

The New Shares issued in the Private Placement are ordinary Shares in the Company each having a nominal value of NOK 1.00. The New Shares are issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act. The Company's registrar in the VPS is Sparebank 1 Sr-Bank ASA, Bjergsted Terrasse 1, Postboks 250, 4066 Stavanger.

The New Shares rank *pari passu* in all respects with the Shares and carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises. The New Shares are eligible for any dividends that the Company may declare after such registration. All Shares, including the New Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 15 "Corporate information and description of the share capital" below for a more detailed description of the Shares.

5.3.2 Subscription Price

The Subscription Price per share was NOK 2.00

5.3.3 Use of proceeds

The net proceeds, including the conversion of debt amounting to NOK 20 million, from the Private Placement amounted to NOK 28.500.000 after payments of commissions, fees, herein guarantee fees and other estimated transaction expenses. NOK 20.000.000 of the net proceeds is debt being converted into equity as set out in section 5.1. The cash amount of the net proceeds are accordingly NOK 8.500.000,- and will mainly be used to prepay current debt (please see Section 9.1.2 *Capitalisation and indebtedness* for further details). The net proceeds will be allocated to the share capital premium fund of the company as set out in section 5.5 *Net proceeds and expenses relating to the Private Placement*.

5.3.4 Type of Class of Securities

The Company has one class of shares in issue, and all shares in that class have equal rights in the Company. The Shares have been issued under the Norwegian Public Limited Liability Companies Act and are registered with the VPS under International Securities Identification Number ("ISIN") NO0003117202.

From the first day of listing the New Shares will be transferred to and registered with the VPS under the same ISIN as the existing Shares (NO0003117202).

5.3.5 Rights Attaching to the Securities

All Shares provide equal rights in the Company in accordance with the Norwegian Public Limited Liability Companies Act. The holders of the Shares have certain preferential rights to subscribe for new Shares issued by the Company, which may be waived by a resolution supported by holders of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. The holders of the Shares have no pre-emptive rights in connection with the transfer of Shares.

5.3.6 Admission to trading

Trading in the New Shares on the Oslo Stock Exchange is expected to commence under the trading symbol "REACH" on or about 15 June 2016 (the "First Day of Listing")

5.4 The Company's share capital following the Private Placement

As of the date of this Prospectus, following the Private Placement and upon registration in the Business Register of the newly issued shares in such, the Company's share capital is NOK 91,241,065, divided into 91,241,065 Shares, each with a nominal value of NOK 1.00.

5.5 Net proceeds and expenses relating to the Private Placement

The Company will bear the fees and expenses related to the Private Placement, which are estimated to amount to approximately NOK 1.5 million, of which approximately NOK 0.4 million are fees and expenses to the Lead Manager and NOK 1.1 million are other costs and expenses herein guarantee fees for a complete subscription of the private placement. No expenses or taxes will be charged by the Company or the Lead Manager to the subscribers in the Private Placement.

Total net proceeds from the Private Placement and are estimated to amount to approximately NOK 29 million and will be allocated to the Company's share capital and share premium reserve fund. For a description of the use of such proceeds, see Section 5.1 "Background for the Private Placement"

5.6 Completion

The Private Placement was completed after the ordinary general meeting on 30 May 2016 made a resolution The Private Placement was fully subscribed the same date by subscriptions directly in the minutes of the meeting.

The completed Private Placement may no longer be withdrawn, reduced, suspended or revoked.

5.7 Lead Manager and advisors

SR-Bank Markets have acted as Lead Manager for the Company in connection with the Private Placement.

Advokatfirmaet Kluge AS (Norwegian law) is acting as legal adviser to the Company.

5.8 Interests of natural and legal persons involved in the Private Placement

The Lead Manager and 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 Lead Manager, their employees and any affiliate may currently own Shares in the Company. The Lead Manager 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.

The Lead Manager have received a commission in connection with the Private Placement, and, as such, have an interest in the Private Placement, see Section 5.5 "Net proceeds and expenses relating to the Private Placement".

The parties entitled to subscribe for shares in the Private Placement partially consist of management, board and the major shareholder of the company, Accello Partners I AS. Reference is made to Section 5.1 and 5.2 for a further description of the right to subscription. These persons, either legal or natural, may have a material interest in the issuing of the shares.

Other than the above mentioned, the Company is not aware of any interest of any natural or legal persons involved in the Private Placement (see Section 9.13.1 «Potential conflicts of interests related to the Private Placement»)

5.9 Dilution

The issuance of the New Shares in the Private Placement resulted in an immediate dilution of approximately 16.5% for shareholders who did not participate in the Private Placement.

5.10 Publication of information relating to the Private Placement

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Private Placement. .

The Company's stock exchange announcements are published on www.newsweb.no under the ticker symbol "Reach."

5.11 Governing law and jurisdiction

This Prospectus, the Private Placement and the Subscription Form shall be governed by, and construed in accordance with, Norwegian law, and the New Shares have been, and will be, issued, pursuant to, the Norwegian Public Limited Companies Act. Any dispute arising out of, or in connection with, this Prospectus, the Private Placement or the shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

6 BUSINESS OVERVIEW

The Company is a complete subsea services provider, and operate within the Norwegian subsea services sector.

6.1 Demand for subsea services

Subsea services include services such as subsea survey, inspection, maintenance and repair (“IMR”), construction support and subsea engineering. The demand for such services is mainly driven by oil and gas operators’ exploration and production (E&P) activity and spending, which in turn is influenced by factors including but not limited to the demand for and price of oil, gas and related products, the financial positions of involved companies, government policies, political stability and other micro- and macroeconomic factors. Summarized, the demand for subsea services is mainly influenced by:

- The demand for oil and gas;
- The price of oil and gas; and
- Oil companies’ E&P spending
- Activity within the renewables and cable & survey markets

6.2 Oil and offshore market in general

The rapid and substantial decline in the price for Brent oil in 2014 and 2015 had a severe and immediate impact on E&P spending also impacting on the market in which the Company operates.

Although the price of crude oil has recovered substantially since the beginning of the year, oil companies remain focused on spending and cost cutting. For same reason there is not expected any pick up in offshore activity in the near term. Offshore spending might also be the last to benefit from higher oil prices as other onshore developments could have shorter cash return cycles and require less capital to invest.

Sanctioning of new subsea wells remains slow. The economics of new contracts will probably remain low due to current overcapacity, further fleet growth, shrinking back logs and efficiency gains.

The offshore renewables market (windmills) and the offshore cable & survey market is less cyclical and not directly linked to the demand for and price of oil and gas.

6.3 Subsea market

6.3.1 Subsea vessel market

The oil and gas industry has been completing subsea wells since 1960 when subsea construction activities were initiated in the North Sea. Subsea completions allow operators to tie-in smaller oil and gas fields/satellites that are close to existing infrastructure. The subsea market consists of a number of different ships, barges (pipe and derrick laying barges) and crane and heavy-lift vessels. Disregarding the barges and crane vessels, there is still a variety of different offshore vessels/ships servicing the subsea market. These include standard construction vessels, pipelaying vessels, remotely operated vehicle (ROV) vessels, IMR vessels, survey vessels and diving support vessels (“DSV”).

The majority of the offshore construction segment vessels are multi-purpose vessels or vessels with capabilities within several of the categories described below. They are thus involved in a wide range of subsea work such as pipeline inspection, general ROV intervention work (when the ROV is intervening with items at seabed) and IMR. Vessels today are typically built with DP (dynamic positioning) capabilities.

- Construction vessels are used for, amongst other things, subsea installation of production facilities, pipelines and FPSO mooring installation. Such vessels are generally fitted with large engines, a large cargo deck, heavy compensated cranes on deck with up to a 400 metric tonne lift capability, an A-frame crane as well as under-deck product carousels used for deployment of flexible pipe and cable products. Construction vessels are also generally equipped with one or two work class ROVs (a work class ROV is equipped with tools which enables it to work with items at seabed). Normand Reach is a Construction Support Vessel.
- Pipelay vessels are designed for laying pipelines, flexible pipe, flowlines, umbilicals and cables in all types of water depths. These vessels are generally fitted with flexible pipe and umbilical carousels or reels, as well as linear pipe and umbilical pipe tensioners. The vessels are also fitted with cranes and normally work class ROVs. Viking Neptune is a Heavy Construction and cable lay vessel.
- ROV vessels (remotely operated vehicles) are offshore vessels fitted with up to five or six work-class ROVs that operate in water depths of up to 3,000 metres and can undertake construction and intervention, drill rig



support and survey jobs with live video feedback to the vessel. These vessels also work as construction and installation support to larger construction and pipe lay vessels.

- DSVs (diving support vessels) assist in subsea construction work and are fitted with saturation diving systems for the divers. Newer DSVs are also generally fitted with a work class and observation class ROV, semi-large cranes and a helicopter deck for easy access.
- IMR vessels (inspection, maintenance and repair) are used for such activities on offshore subsea installations including subsea production facilities and pipelines. IMR vessels are generally equipped with observation/inspection class ROVs with sonar and video inspection capabilities. Edda Fonn is a IMR, Survey and Light Construction Vessel.
- Survey vessels are involved in mapping the seabed prior to the installation of subsea equipment such as pipelines or to detect changes in the seabed in the years following the installation of such subsea equipment. Survey vessels are equipped with survey class ROVs generally with several cameras enabling high resolution colour live video feeds of the seabed, pipelines back to the vessel as well as navigation systems to ensure highly accurate and repeatable vehicle positioning. Stril Explorer is a Multi Purpose Support Vessel.

Large offshore subsea developments are expensive and cash return cycles are several years. For same reason these type of projects are often postponed and/or delayed in times with high uncertainty regarding the future oil price. The subsea market has experienced a severe down turn since the oil price peaked in 2014. Although the market is expected to stabilize on the back of an increased oil price so far in 2016, and also on the back of mergers between large players like Technip and FMC, the subsea market is not expected to recover until the oil price has stabilized at a higher level again.

6.4 Competitors

As the Group seeks to operate in the subsea services segment, positioned between vessel owners and subsea EPIC operators, the Company considers its main competitors to be; DeepOcean, Fugro, DOF Subsea and Oceaneering. The illustration below gives an overview of the current subsea industry composition.

	Vessel owners	Subsea Services	Subsea EPIC
Business characteristics	<ul style="list-style-type: none"> • Asset intensive • Dayrate revenue model • Demand growth • Limited differentiation • Low barriers to entry/ fragmented 	<ul style="list-style-type: none"> • Less asset intensive • Dayrate + spread revenue model • High demand within capex and opex • High barriers to entry for expertise • Engineering/technology driven 	<ul style="list-style-type: none"> • Asset intensive • Lump-sum turn-key risk • Principally capex driven, more volatile • Highly differentiated, engineering • High barriers to entry, expertise and capital
Traditional players	<ul style="list-style-type: none"> • Several publicly traded companies and regional competitors 		

Source: Reach Subsea AS.

6.5 The Renewables market

The market within renewables is mainly related to offshore wind farms. Revenues from this segment has grown to almost a quarter of the Group’s total revenues.

There is currently a dozen of large offshore wind farms under construction in Europe. The largest ones in terms of the number of turbines and construction cost are the Gemini outside the Netherlands and Gode Wind 1 & 2 outside Germany. The total construction cost for these two projects alone are estimated at approximately €5bn. Sandbank and Borkum Riffgrund I have also estimated construction cost in excess of €1bn.

The wind farms are usually located in shallow water (less than 200 meters) however ROVs can operate efficiently and take part in construction and subsequent maintenance work.

Subsea 7 was recently awarded an EPIC contract for the wind farm Beatrice offshore Scotland, UK, and the total contract value is above USD1bn.

This market is less impacted by the oil price as several European countries has announced long term plans to become less dependent on hydrocarbons. Long term investment plans made by western governments are usually carried out as planned and are as such not dependent on e.g. the oil price.

The development within the renewables market is expected to stay positive for the years ahead.

7 BUSINESS OF THE GROUP

7.1 Introduction

Reach Subsea ASA acquired Reach Subsea AS in 2012 and has since then solely based its business on the strategy and operations in Reach Subsea AS. The first long term charter agreement with Solstad Offshore ASA for the vessel M/V “Normand Reach” was signed in February 2013. The vessel was delivered in 2014 and has been contracted with Dof Subsea from delivery.

The Company has steadily grown its revenues from NOK 63 million in 2013, to NOK 311 million in 2014 and NOK 634 million in 2015.

7.2 History and important events

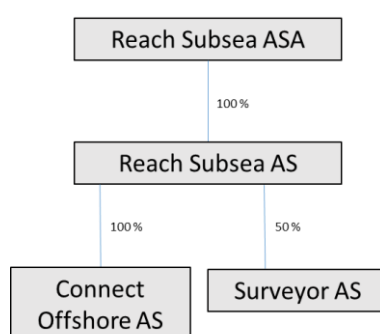
The Company has a long history as a legal entity. The table below provides an overview of key events in the history of the Company.

Year	Event
1909	Incorporated as a ship owning limited liability company
2012	The Company changed its name to Reach Subsea ASA
2012	The Company acquired Reach Subsea AS
2014	The Normand Reach was delivered
2015	The Company established a Joint Venture agreement with MMT Sweden for survey services
2015	Surveyor Interceptor, and innovative survey ROV, was ready for use

In the first half of 2012, the Company restructured and divested all of its former business related to logistics operations within the reefer market. The Company conducted a strategic review and resolved to expand into the subsea business by acquiring Reach Subsea AS. The Company signed a long term charter agreement of five years with Solstad Offshore ASA for the vessel M/V “Normand Reach” in 2013 with delivery for 2014. The Company consequently had its first full year of operations as a subsea company in 2014.

7.3 Legal structure of the Group

The Company is the holding company of the wholly-owned subsidiary Reach Subsea AS. The Company does not have ownership in any other subsidiaries or affiliated companies.



7.4 Description of the companies in the Group

7.4.1 Reach Subsea ASA

Reach Subsea ASA (the “Company” or “Reach Subsea”) is a Norwegian public limited liability company with registration number 922 493 626. The Company was incorporated 19.08.1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company’s business address is Haraldsgata 190, 5527 Haugesund, Norway, with telephone number +47 40 00 77 10. The Company’s website address is www.reachsubsea.com.

The Company merely serves as the holding company of its wholly-owned subsidiary Reach Subsea AS. The commercial names of the Company are either “Reach” or “Reach Subsea”.

7.4.2 Reach Subsea AS

The Group’s operations are carried out through Reach Subsea AS, which was acquired by the Company in 2012.

Reach Subsea AS is a Norwegian private limited company organized under the laws of Norway in accordance with the Norwegian Private Limited Companies Act of 13 June 1997 No 44 (the “Norwegian Private Limited Companies Act”) with registration number 993 252 263. The Company was incorporated on 14 October 2008 by JT Invest AS (registration number 992 271 965, Saudagata 39, N-5521 Haugesund, Norway), Framnes Holding AS (registration number 988 686 212, Haga 104, N-5414 Stord, Norway), A-Å Invest AS (registration number 993 250 945, Viervegen 21, N-5535 Haugesund, Norway) and SMS Investering AS (registration number 993 251 380, Geitafjellet 34, N-5521 Haugesund, Norway), and registered in the Norwegian Register of Business Enterprises on 29 October 2008. The Company has its registered address at Haraldsgata 190, N-5525Haugesund, Norway, with telephone number +47 40 00 77 10.

7.5 Overview of the current business of the Group

Reach Subsea AS was established in 2008 in Norway by four founders with extensive subsea experience. Since its incorporation, Reach Subsea AS has provided certain ROV and engineering consultancy services to the oil industry, including the development of a new survey ROV, the Surveyor. Its engineering department consists of highly skilled subsea and marine engineers, all with long experience in planning, management and execution of offshore and subsea operations.

The Group’s business, consisting solely of Reach Subsea AS’ past and current business, can be summarized as follows:

1. Engineering consultancy services. The Group is involved with project management and engineering services for EPIC contractors involved in major field developments in Norway. The Group is also involved in engineering services and project administration services for the Pipeline Repair System (PRS) operated by Statoil. The PRS covers 15,000km of pipeline on the seabed. This system comprises a wide range of equipment for pipeline repair, both manned and remotely operated, including automatic welding machines and removal tools.
2. ROV-operation. The Group has 7 ROV systems (6 Work ROVs and 1 Survey ROV). The ROVs are operated remotely from the chartered-in vessels. The Group has 2 vessels on long term charter and 2 vessels in cooperation with others (Stril Explorer is chartered out to Marin Mätteteknik AB (“MMT”) but as the Company has a ROV onboard the vessel is marketed and operated in close cooperation with MMT. Viking Neptune is chartered out in the same manner to Eidesvik Offshore ASA). The clients are mainly top tier oil and gas companies, but now also includes renewables. The ROVs perform a multitude of tasks like installation, maintenance, repair, inspection, decommissioning and survey.
3. Product development. The Group has developed the new ROV system, Surveyor, together with Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines in a much higher speed and with a better quality of data than the existing Work ROV systems. This project was sponsored by Marin Mätteteknik AB in Sweden and Innovasjon Norge. The Surveyor was completed and ready for use in 2015 after four years of engineering and building. The company might undertake other product development projects in the future but currently no new product development is planned.

The ROV-operation is the core business of the group. The ROVs are advanced under water machines which can undertake construction and installation tasks. They are often time used for inspection and maintenance as well as for various types of repair and decommissioning work. In some fields they have totally replaced the need for human divers. The operation of the ROV is usually carried out remotely from purpose build subsea vessels, however other type of vessels can also be used.

Projects which includes repair, maintenance, construction, installation or decommission has to be well planned ahead. The engineering and consultancy services which the Group is involved is a natural part of the ROV-operation. Whereas the ROV operation can be carried out globally the related engineering is mainly taking place at the Company’s head office in Haugesund, Norway.

The Company has its ROVs and related equipment onboard subsea vessels it has chartered in for this purpose. The Company’s business model is to charge its customers not only for the ROV-operation and engineering services, but also

to charter out the subsea vessel at higher daily rate (the “Charter Spread”). In some cases the Company has to share any potential Charter Spread with the owner of the vessel under a predetermined profit split agreement.

The oil and gas sectors is still the most important sector with approximately 72% of the revenues. However, cable and wind has been growing from 5 % of total revenues in 2014 to 24% of revenues in 2015. More than 90 % of the projects are characterized as medium to low risk in terms of execution and revenue risk. This allocation between the oil and gas sector and cable and wind are approximately the same for Q1 2016.

The Group is a global provider of ROV services in the sense they can operate in all regions subject to sanctions and other potential restrictions. The Group has experience from the North Sea, the Mediterranean Sea, West Africa and East Asia. The North Sea is the preferred market as long voyages are a cost driver.

7.6 The Group’s vision and business strategy

The Company’s strategy is to continue to grow its business by becoming a preferred subsea partner and full service provider of subsea operations for clients, among others by having focus on safety, environment, financial solidity and profitability.

The business strategy is to offer subsea services as subcontractor and/or directly to the operators. The core business of the group is based on first class work ROVs operated by highly qualified offshore personnel, and supported by competent onshore engineer resources.

Strong operational performance and solid track record has managed to secure new contracts in a declining market. This, coupled with proven systems and a flexible organization, will be paramount in order to reach its objective of becoming the preferred subsea partner.

In order to grow its business the Group has to continue to secure new and profitable contracts. The Group has to increase its market share in order to grow further. There are currently no growth constraints as the market is well supplied with vessels, ROVs, personnel and equipment. If the Group is successful and manages to secure new contracts at attractive terms it might consider further investments in ROVs, personnel and equipment. However, in the short run (next 12-18 months) the Group is sufficiently set-up to capture and executive new contracts without such further investments.

The Group more than doubled its revenues from 2014 to 2015. The current backlog of the company was close to NOK 90m at the end of Q1.

7.7 Competent and experienced Management

The Company’s management has broad experience from the subsea sector and management. Please check Section 9.11 «Management» for a further details.

7.8 Business segments and principal markets

The Group is operating in all parts of the oil and gas value chain. It engages in everything from early field developments to decommissioning. A ROV will typically be engaged in a variety of tasks like inspection, maintenance, repair, installation, lifting or moving of smaller items and also surveys.

In many cases the Group acts as a subcontractor as the large operators are outsourcing the ROV related work. That work is often coupled with non-complex engineering and planning to support the ROV.

The contracts are typically of a short duration. It is common to have contracts ranging from days and specific tasks to a couple of months length.

7.8.1 Construction and installation (I&C)



- The Company is a subcontractor to assist the main EPIC contractors. The Company assists them in planning and engineering.
- These are typically complex projects with higher risk and better margins for all contractors. The risk is somewhat higher as there are elements of turn-key contracts where cost overruns has to be covered by contractors rather than the end client.
- Survey, like inspections of the seabed and pipes, and ROV services are important parts of offshore construction projects, and especially at sea depths not available to human divers. ROVs are often times the only alternative to inspection work of the seabed and pipes at the seabed.
- Growing market with few players, high entry barriers and need for more subcontractors
- Current capacity squeeze for existing players opens possibilities for subcontracting entire vessel spreads and/or engineering packages

This market is heavily affected by the current low level of spending by oil and gas majors.

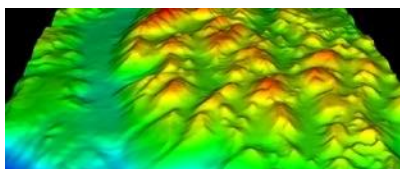
7.8.2 Inspection, maintenance and repair (IMR)



- Provide Inspection of subsea infrastructure and related services to oil and gas companies
- Recurring activities to support the operability of existing infrastructure
- Maintenance and repair of subsea assets
- Module handling (e.g. to remove or replace a module or part of a subsea installation)
- Light construction
- Well stimulation in order to increase the well flow of oil or gas
- Often long term frame contracts on day-rate basis

This market is also heavily affected by the current low level of spending by oil and gas majors. However, IMR is characterized by requirements also from government bodies, and spending must increase in the future if the oil companies shall maintain today's production levels.

7.8.3 Survey and pipeline inspection



- Provide 3D seabed mapping and pipeline inspection "In house" developed Surveyor ROV optimal for pipeline inspection
- Potential partnership with survey company
- Key elements: Data processing, quality of data and accuracy

This survey market is also dependent on oil and gas spending.

7.8.4 Decommissioning and Renewables

- Decommissioning & Abandonment services, including removal of infrastructure at end of a well's life
- Similar assets and competence requirement as construction
- Decommissioning and renewables are expected to be growing markets
- Typically project contracts

The decommissioning market was expected to be less correlated with oil prices, but oil companies are of course reluctant to spend on a general basis, and won't start any large decommissioning projects unless required to. See section 6.5 (rhe "Renewables market") for a general assessment of this particular market.

7.9 The Group's strategy

The strategy of the Group in a five-year perspective, could be outlined as follows:

7.9.1 Strategy in the OPEX-market (fields in operation)

- Target IMR frame agreements
- Export of North Sea technology and standards to selected major deepwater areas in the world
- Provide new services in the segment
- Bid for seasonal contracts in key regions

7.9.2 Strategy in the CAPEX-market (fields under construction)

- The goal is to be a preferred subcontractor to the major EPIC contractors
- Securing the right assets will be key
- Gradually develop assets and resource base
- Do smaller EPIC-contracts at own risk

7.9.3 International expansion

- Develop the international market in parallel with the North sea market when opportunities appear
- Seek international partners in selected areas like Australia, Mexico, Brazil and West Africa
- Develop a foothold in new deepwater areas

7.9.4 Asset base

- Invest in new assets
- Secure the right assets
- Mix of owned and hired equipment

7.10 Material contracts

As the date hereof, the Group does not have any long-term contracts with any key clients as such, which it deems as material. In general, most contracts, at least in 2015, was short term by nature (spot contracts).

The Group has entered into the following charter hire contracts for vessels, which may be material to the Group's business and profitability to the extent they are cancelled and other and alternative vessels may not be available at competitive charter hire rates:

- 1) The New Edda Fonn CP
- 2) The New Normand Reach CP

The New Edda Fonn CP was entered into between Reach Subsea AS and West Supply Operations II AS on May 1, 2015 and expires December 1, 2017. The daily rate is dependent on the operational status of the vessel Edda Fonn. The Company will pay a slightly lower rate if the vessel is not operational or laid up during the winter 2016 and 2017. The rate will cover the stacking cost in a potential lay-up scenario. Østensjø Rederi AS can as the owner of West Supply Operations II AS cancel the contract for convenience within 1 month of notice period subject to termination clauses entered into by Reach Subsea AS' customers.

The New Normand Reach CP between Reach Subsea AS and Normand Drift AS was amended on June 12, 2016 and expires June 12, 2019. Reach Subsea AS is committed to pay an operational based rate for a certain number of days each year. There is a profit sharing agreement in place between the parties if the vessel is chartered out to third parties at a higher rate than the operational basis rates. Solstad Offshore ASA can as the owner of Normand Drift AS cancel the contract for convenience but subject to termination clauses entered into by Reach Subsea AS' customers.

The Group has also established a Joint Venture agreement with MMT Sweden primarily for survey services. The agreement includes shared commitment of two vessels, Edda Fonn and Stril Explorer. The two vessels are operated in a pool arrangement where the risk and reward is shared equally by the Joint Venture partners.

In the opinion of the Company the Group's existing business or profitability is not materially dependent on patents or licenses, industrial, commercial or financial contracts, including the agreements described above.

7.11 Facilities

The Group leases its sole facility, consisting of 265 square meters of office and 202 square meters of workshop space, located on Killingøy Offshore Base at Haraldsgata 190, N-5525, Haugesund, Norway. The current lease expires at 31 May 2017. However, the Group has an option to extensions of up to a total of 15 years. The head office is located in Haraldsgata 190, 5525 Haugesund.

From the facilities the Group can perform in-house engineering and project planning together with design and fabrication of subsea equipment. Along its quay it can mobilize and support large subsea support vessels. The workshop facilities can be used to storage, minor repair and maintenance of the Group's own ROV systems and equipment.



The Group believes that its current facility will be sufficient for its needs for the foreseeable future.

7.12 Contracts entered into outside the ordinary course of business

The Company has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus or any other contract entered into outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

7.13 Environmental issues

The Group's ROVs are subject to risks particular to marine operations, including capsizing, grounding, sinking, collision and loss and damage from severe weather, storms, fire, earthquakes, tsunamis or explosions. Any of the foregoing circumstances could result in damage to, or destruction of, vessels or equipment, personal injury and property damage, suspension of operations or environmental damage.

Litigation from any such event may result in the Group being named as a defendant in lawsuits asserting large claims.

Damage to the environment could also result from the Group's planned operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. The Group's operations also involve the use and handling of materials that can be environmentally hazardous. Environmental legislation has, in general, become stricter in recent years. These laws and regulations might expose the Group to liability due to events caused by others or by the companies themselves, even though the actions were consistent with existing laws at the time.

The Group would expect to get some contractual compensation from its customers through contractual regulation of events such as pollution and other environmental damages. However, there can be no assurance that the compensation achieved in such events, if achieved at all, will cover losses inflicted on them.

8 DIVIDENDS AND DIVIDEND POLICY

8.1 Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act (see Section 8.2 “Legal constraints on the distribution of dividends”), the Company’s capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that any credit agreements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The Company’s strategy is to continue to grow its business, and no dividends payments are therefore expected the next few years.

8.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends:

- Unless the Company follows the procedures stipulated in the Norwegian Public Limited Companies Act in respect of reduction of share capital, dividends are payable only out of the distributable reserves of the Company. Section 8-1 of the Norwegian Public Limited Companies Act provides that distributable reserves consist of the profit for the prior fiscal year (as reflected in the income statement approved by the annual general meeting) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered losses, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet, as of the most recent fiscal year end, as approved by the annual general meeting), (iii) the total nominal value of treasury shares acquired for ownership or as security in previous fiscal years, and credit and security that, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act, shall be limited to an aggregate amount equal to the distributable equity, and (iv) such part of the profit for the prior fiscal year which, by law or pursuant to the Company’s Articles of Association, must be allocated to the un-distributable reserves or cannot be distributed as a dividend.
- Dividends cannot be distributed if the Company’s equity amounts to less than 10% of its total assets unless the distribution is done in compliance with the procedures stipulated in the Norwegian Public Limited Companies Act for reduction of share capital.
- Dividends can only be distributed to the extent compatible with good and careful business practice, with due regard to any losses that may have been incurred since the balance sheet date (i.e. the prior fiscal year end) or that may be expected to be incurred.
- The amount of distributable dividends is calculated on the basis of the Company’s separate financial statements and not on the basis of the consolidated financial statements of the Company and its subsidiaries.
- Distribution of dividends is resolved by a majority vote at the general meeting, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors.

At the date of this Prospectus, the Company’s does not have any distributable reserves.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 17 “Taxation”.

8.3 Dividend per share in Reach Subsea

The Company has not paid any dividends in 2014 or 2015.

9 CAPITAL RESOURCES

9.1 Capitalisation

9.1.1 Narrative description

The Group's principal sources of funding are cash from operations and borrowings.

Operating Cash Flows

Net cash flow from operating activities was negative NOK 8.9 million and negative NOK 3.8 million for the three months ended 31 March 2016 and 2015, respectively, a decrease of NOK 5.1 million. The decrease in operating cash flows was primarily due to challenging market conditions, but was also impacted by transit periods and docking.

Net cash flow from operating activities was NOK 46.6 million and NOK 26.4 million for the year ended 31 December 2015 and 2014, respectively, a decrease of NOK 20.2 million or 43 per cent. The decrease in operating cash flow was primarily due to lower margins in more challenging market conditions.

Investing Cash Flows

Net cash flow from investing activities was NOK 0 million and NOK 9.1 million for the three months ended 31 March 2016 and 2015, respectively, a decrease of NOK 9.1 million or 100 per cent. The decrease was due to the fact no investments in any fixed assets was made in the first quarter in 2016.

Net cash flow from investing activities was NOK 74.6 million and NOK 33.8 million for the year ended 31 December 2015 and 2014, respectively, an increase of NOK 40.8. The increase was primarily due to investment in additional ROV equipment.

Financing Cash Flows

Net cash outflow from financing activities was negative NOK 8 million and NOK 2.8 million for the three months ended 31 March 2016 and 2015, respectively, an increase of NOK 5.2 million. The decrease was primarily due to higher repayment of debt than 2016.

Net cash flow from financing activities was NOK 42.8 million and negative NOK 6.7 million for the year ended 31 December 2015 and 2014, respectively, an increase of NOK 49.5 million. The increase was primarily due to proceeds from borrowings in 2015.

Cash Position

As of 31 March 2016 cash and cash equivalents amounted to NOK 37 million. Available liquidity, including NOK 10 million in unutilized credit facility amounted to NOK 47 million, which was deemed satisfactory by the Company at the time. Receivables were at the same time NOK 73 million, while total non-interest bearing current liabilities were NOK 64 million.

As of the date of the Prospectus, the Group has approximately NOK 67 million of liquid resources, of which approximately NOK 32 is considered as restricted cash equivalence.

There is no material legal or economic restrictions of subsidiaries to transfer funds to the company in the form of cash dividends, loans or advances.

Borrowings – Loan Agreement with Sparebank 1 SR-Bank ASA

Post the Restructuring the bank has a NOK 31.5 million loan facility with its main bank. The loan facility is secured by mortgages on the two ROV vessels Supporter 7 and Supporter 10. The loan facility agreement contains standard securities and covenants, including:

Minimum working capital (current assets above current liabilities) ratio of 1.3

Minimum free cash (none restricted cash) of NOK 10 million

Book to equity ratio of minimum 40%

Minimum 40 million in equity

12 months rolling EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) of no less than NOK 10 million.

The Company has never been in breach of the financial covenants. In the event a potential breach has been identified in the past the Company has managed to get waivers from that relevant covenant.

The Company's other liabilities consist mainly of the committed charter hire under the New Edda Fonn CP and the New Normand Reach CP. The Company believes the Group's available financial resources post the Restructuring, and the new charter hire agreements mentioned above, should be sufficient to fund its operations for the foreseeable future.

Principal investments

Cash outflows from investments in the years ended 2015 and 2014 have been a total of approximately NOK 107 million, mainly because of investments in equipment and shares in associated company Surveyor AS.

The investments made in the same period can be categorized as follows:

(NOK 1000)	2015	2014
Investment in equipment	65.973	25.404
Purchase of shares in associated companies	8.642	5.420
Guarantees Charter-party		3.000
Net cash flow used in investments	74.615	33.824

The investments in equipment can further be split as follows:

(NOK 1000)		
ROV & ROV equipment	6.883	19.753
ROV & ROV equipment leased	58.960	4.386
Equipment and office machinery	130	1.265
	65.973	25.404

The majority of the investments in ROV and ROV equipment in 2015 is related to the Company's equipment onboard Viking Netptune.

The Company made no new investments in the quarter ending 31 March, 2016. The Company made no new investments from 31 March, 2016 and up to and including the date of this Prospectus. The Company has no committed capital expenditure related to new investments for 2016 and onwards.

The positive cash flows from operations and from financing has resulted in a net cash flow neutral position the last two years.

The Company is of the opinion that the Group's working capital is sufficient for the Group's present requirements.

Cash and cash equivalents are mainly held in local currency being NOK.

9.1.2 Capitalisation and indebtedness

The information presented below should be read in conjunction with the other parts of the Prospectus, in particular section 9.2 Selected consolidated financial data and other information, section 9.4 historical financial information and summary

of accounting policies, section 9.6 Selected consolidated financial information and the Financial Statements as of 31 December 2015 and 2014, the Financial Statements as of 31 March 2016 and 2015 and the notes related thereto incorporated by reference thereto (included in section 12.6 *Incorporated by reference*).

This section provides information about the Group's unaudited consolidated capitalisation and net financial indebtedness on an actual basis as at 31 March 2016 and, in the "as the date of the prospectus following significant changes" columns, the Group's unaudited consolidated capitalisation and net financial indebtedness as at 31 March 2016, on an as adjusted basis to give effect to the following transactions as if these transactions had happened on 31 March 2016:

- (i) The Company will raise NOK 30 million in new equity through issuance of the New Shares for cash of NOK 10 million and a debt conversion of NOK 20 million, and approximately NOK 1.5 million in transactions costs; and
- (ii) The Company will use a portion of the proceeds to repay part of its current debt and bank loan; and
- (iii) The Company will increase its existing bank loan with NOK 20 million and use its restricted cash as prepayment for services to be rendered.

As a result of the transactions as described above, the Company's share capital will be NOK 91,241,065, consisting of 91,241,065 shares, each with a par value of NOK 1 (see section 10.3 Share capital).

Other than as set forth above, there has been no material changes to the Group's unaudited consolidated capitalisation and net financial indebtedness as at 31 March 2016.

9.1.2.1 Capitalisation

The following table sets forth information about the Group's consolidated capitalisation as at 31 March 2016

In NOK millions	As of 31 March 2016	Adjustments (1)	As of the date of the prospectus following significant changes
Total current debt	81,7	-6,4	75,3
- Guaranteed			
- Secured*	18		18
- Unguaranteed / unsecured	63,7	-6,4	57,3
Total non-current debt (excluding current portion of long-term debt)	86,6	-27	59,6
- Guaranteed			
- Secured	86,6	-27	59,6
- Unguaranteed / unsecured			
Shareholder's equity	143,3	28,5	171,8
a. Share capital	76,2	15	91,2
b. Legal reserves	67,8	13,5	81,3
c. Other reserves	-0,7		-0,7
Total	311,6	-4,9	306,7

*The Company has granted security in receivables, equipment, inventory and shares in Surveyor AS.

- (1) Adjustments have been made for: (i) increase in share capital and legal reserves with NOK 15 million each, totaling NOK 30 million by way of issuing new shares with NOK 10 million and by way of debt conversion to

equity with NOK 20 million, (ii) reduction in legal reserves related to estimated issuance costs with NOK 1,5 million (see section 5.5 Net proceeds and expenses related to the Private Placement), (iv) reduction of current debt with NOK 7,9 million due to down payment of current debt, and increase of current debt with NOK 1,5 million related to estimated issuance costs which have not been paid yet (see section 5.5 Net proceeds and expenses related to the Private Placement), (v) reduction of non-current debt with NOK 7 million (whereas a reduction with NOK 27 million as repayment of bank loan and increase in bank loan with NOK 20 million).

9.1.2.2 Net financial indebtedness

The following table sets forth information about the Group's consolidated net financial indebtedness as at 31 March 2016

In NOK millions	As of 31 March 2016	Adjustments (1)	As of the date of the prospectus following significant changes
(A) Cash	37,5	-4,9	32,6
(B) Cash equivalent			
(C) Trading securities			
(D) Liquidity (A)+(B)+(C)	37,5	-4,9	32,6
(E) Current financial receivables (2)	122,1	-53	69,1
(F) Current bank debt			
(G) Current portion of non-current debt	18		18
(H) Other current financial debt	63,7	-6,4	57,3
(I) Current financial debt (F)+(G)+(H)	81,7	-6,4	75,3
(J) Net current financial indebtedness (I)-(E)-(D)	-77,9	51,5	-26,4
(K) Non-current bank loans	86,6	-27	59,6
(L) Bonds issued			
(M) Other non-current loans			
(N) Non-current financial indebtedness (K)+(L)+(M)	86,6	-27	59,6
(O) Net financial indebtedness (J)+(N)	8,7	24,5	33,2

- (1) Adjustments have been made for: (i) increase in cash with NOK 10 million related to the issuance of new shares; (ii) reduction in cash and current debt with NOK 7,9 million each due to down payment of current debt; (iii) increase in current debt with NOK 1,5 million related to estimated issuance costs which have not been paid yet (see section 5.5 Net proceeds and expenses related to the Private Placement); (iv) reduction of non-current debt and cash with NOK 7 million each consisting of a reduction with NOK 27 million as repayment of bank loan and an increase in bank loan with NOK 20 million); (v) reduction in current financial receivables with NOK 53 million with corresponding increase in current non-financial receivables due to payment of restricted cash as prepayment for services to be rendered.
- (2) Does not included current non-financial receivables.

9.1.3 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for the period covering at least 12 months from the date of the Prospectus.

9.1.4 Contingent and indirect indebtedness

As at 31 March 2016 and as at the date of the Prospectus, the Group did not have any contingent or indirect indebtedness

9.2 Selected consolidated financial data and other information

9.3 Introduction

The following Section should be read in conjunction with the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2015 and 2014, the auditor's reports in respect of 2015 and 2014, the Company's unaudited interim consolidated financial statement as of, and for the three months ended, 31 March 2016 (with comparable figures as of, and for the three months ended, 31 March 2015), as incorporated by reference in this Prospectus, see Section 12.6 "Incorporation by reference" below.

9.4 Historical financial information and summary of accounting policies

The Company's historical financial statements have been prepared in accordance with IFRS as adopted by the European Union (EU), (together, "IFRS").

The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2015 and 2014, including an overview of the Company's accounting policies, explanatory notes and auditor's statements, are incorporated by reference hereto, see Section 12.6 "Incorporation by reference" below.

There is no other information in the Prospectus pertaining to the Group, which has been audited by the Group's current or previous auditor.

The Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2016 (with comparable figures as of, and for the three months ended, 31 March 2015) are incorporated by reference hereto (see Section 12.6 "Incorporation by reference" below).

PricewaterhouseCoopers AS has not audited, reviewed or produced any report on any other information provided in this Prospectus. For more information about the Company's auditor, see section 12.4.1

9.5 No significant change

Except for the Private Placement (see Section 5.2 "The Private Placement"), there have been no significant changes in the financial or trading position of the Group since 31 March 2016 to the date of this Prospectus. The unaudited quarterly results as of this date is incorporated by reference (see Section 12.6 "Incorporated by reference")

9.6 Selected consolidated financial information

The following tables present selected consolidated financial information for the Company as of, and for the years ended, 31 December 2015 and 2014, and as of, and for the three months ended, 31 March 2016 and 2015, which have been derived from the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2015 and 2014, and from the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2016 (with comparable figures as of, and for the three months ended, 31 March 2015).

This selected consolidated financial information should be read together with Section 4.1 "Presentation of financial and other information" and the Company's consolidated financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

9.6.1 Condensed consolidated income statement

In the tables below, all amounts are presented in NOK for the years ended 31 December 2015 and 2014, and the three months ended, 31 March 2016 and 2015.

Income statement				
	2016	2015	2015	2014
Income statement (in NOK '000)	01.01-31.03	01.01-31.03	01.01-31.12	01.01-31.12
	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>	<i>audited</i>
Operating income	85.962	86.603	634.369	311.050
Other operating income	0	0	0	100
Total operating income	85.962	86.603	634.369	311.150
Operating expenses	-91.947	-91.139	-599.981	-276.455
EBITDA	-5.986	-4.536	34.388	34.695
Depreciation	-6.182	-3.995	-23.030	-13.675
Operating result (EBIT)	-12.168	-8.531	11.358	21.020
Net financial items	-1.582	161	-2.790	3.870
Net result from affiliated companies	-911	-844	-7.173	-59
Profit (loss) before taxes	-14.661	-9.214	1.394	24.831
Taxes	0	0	0	0
Profit (loss)	-14.661	-9.214	1.394	24.831
Comprehensive income				
Gain/loss on financial derivatives og cash flow hedges	0	-1.715	1.268	-1.268
Comprehensive income items	0	-1.715	1.268	-1.268
Total comprehensive income	-14.661	-10.929	2.663	23.563
Earnings per share	-0,19	-0,12	0,02	
Diluted earnings per share	-0,19	-0,12	0,02	

9.6.2 Condensed consolidated statement of financial position

In the tables below, all amounts are presented in NOK for the years ended 31 December 2015 and 2014, and the three months ended, 31 March 2016 and 2015.

Balance sheet				
	2016 31.03 <i>unaudited</i>	2015 31.03 <i>unaudited</i>	2015 31.12. <i>audited</i>	2014 31.12. <i>audited</i>
Consolidated balance sheet (in NOK '000)				
Non-current assets				
Deferred tax assets	8.161	8.161	8.161	8.161
Investment in associated companies	5.918	4.517	6.829	5.361
Property, plant and equipment	134.233	160.549	140.415	97.473
Other long term receivables	0	53.000	53.000	53.000
Total non-current assets	148.312	226.227	208.405	163.995
Current assets				
Trade and other receivables	125.916	65.392	76.478	39.221
Cash and cash equivalents	37.481	44.048	54.370	59.746
Total current assets	163.397	109.440	130.848	98.967
Total assets	311.709	335.668	339.254	262.963
Equity				
Share capital	76.241	76.241	76.241	76.241
Share premium	67.806	67.806	67.806	67.806
Other equity	-660	-648	13.397	10.130
Total equity	143.387	143.399	157.444	154.177
Non-current liabilities				
Interest-bearing debt	86.583	106.939	94.601	59.518
Total non-current liabilities	86.583	106.939	94.601	59.518
Current liabilities				
Current portion of interest bearing debt	18.000	18.000	18.000	10.200
Other current liabilities	63.738	64.346	69.208	48.767
Derivatives	0	2.983	0	
Total current liabilities	81.738	85.330	87.208	58.967
Total liabilities	168.322	192.269	181.809	118.485
Total equity and liabilities	311.709	335.668	339.253	272.662

9.6.3 Condensed consolidated statement of cash flow

In the tables below, all amounts are presented in NOK for the years ended 31 December 2015 and 2014, and the three months ended, 31 March 2016 and 2015.

Cash flow statement

	2016	2015	2015	2014
	01.01-31.12	01.01-31.03	01.01-31.12	01.01-31.12
	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>	<i>audited</i>
Cash flow statement				
Cash flow from operating activities				
Profit (loss) before tax	-14.661	-9.214	1.394	24.831
Net result from affiliated companies	911	844	7.173	59
Depreciation	6.182	3.995	23.030	13.675
Change in trade debtors	995	-26.601	-40.929	-12.744
Change in trade creditors	-8.777	25.228	12.166	26.843
Change in other provisions	5.874	1.749	22.916	-6.759
Share option cost employees	604	151	604	686
Net cash flow from operating activities	-8.872	-3.848	26.356	46.591
Cash flow from investing activities				
Purchase of fixed assets	0	-9.071	-65.973	-25.404
Purchase of shares in associated companies	0	0	-8.642	-5.420
Guarantees Charter-party	0	0	0	-3.000
Net cash flow from investing activities	0	-9.071	-74.615	-33.824
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	0	0	0	1.033
Proceeds from borrowings	0	0	0	0
Repayment of long term loans	-8.017	-2.779	42.883	-7.772
Net cash flow from financing activities	-8.017	-2.779	42.883	-6.739
Net change in cash and cash equivalents	-16.889	-15.698	-5.376	6.028
Cash and cash equivalents in the start of the period	54.370	59.746	59.746	53.718
Cash and cash equivalents in the end of the period	37.481	44.048	54.370	59.746

9.6.4 Condensed consolidated statement of changes in equity**Consolidated statement of changes in equity**

(NOK 1000)	Share-capital	Share-premium	Other reserves	Retained earnings	Total
Equity 1 January 2015	76.241	67.806	2.315	7.816	154.177
Profit for the year	-	-	-	1.394	1.394
Other comprehensive income for the year	-	-	-	1.268	1.268
Total comprehensive income for the year	-	-	-	2.663	2.663
Fair value of share options	-	-	604	-	604
Proceeds from shares issued	-	-	-	-	-
Contribution in kind	-	-	-	-	-
Dividend not paid	-	-	-	-	-
Equity 31 December 2015	76.241	67.806	2.919	10.479	157.444
Equity 1 January 2014	75.918	67.096	1.629	(15.747)	128.895
Profit for the year	-	-	-	24.831	24.831
Other comprehensive income for the year	-	-	-	(1.268)	(1.268)
Total comprehensive income for the year	-	-	-	23.563	23.563
Fair value of share options	-	-	686	-	686
Proceeds from shares issued	323	710	-	-	1.033
Contribution in kind	-	-	-	-	-
Dividend not paid	-	-	-	-	-
Equity 31 December 2014	76.241	67.806	2.315	7.816	154.177

9.7 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

Introduction

The general meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of Reach Subsea is vested in the Company's Board of Directors and Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer, or the CEO, is responsible for keeping Reach Subsea's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of once a month.

9.8 Board of Directors

9.8.1 Overview of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall consist of a minimum of three and a maximum of six members.

The composition of 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 Management and material business contacts, (ii) at least two of the shareholder elected board members should be independent of the Company's main shareholders, and (iii) no members of the Management should serve on the Board of Directors.

The Company's registered business address, Reach Subsea ASA, Haraldsgata 190, N-5525Haugesund, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

9.8.2 The Board of Directors

The names and positions of the current members of the Board of Directors are set out in the table below.

Name	Position	Served since	Term expires ¹
Kåre Johannes Lie	Chairman of Board	28 November 2012	2018
Sverre B. Mikkelsen	Board member	28 November 2012	2018
Martha Kold Bakkevig	Board member	28 November 2012	2018
Anders Onarheim	Board member	28 November 2012	2018
Merete Haugli	Board member	28 November 2012	2018

Brief biographies of the members of the Board of Directors

Set out below are brief biographies of the Board members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside Reach Subsea and names of companies and partnerships of which a Board member is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

¹ In accordance with Section 6-6 of the Norwegian Public Limited Companies Act and related secondary legislation, the term in office of the Company's shareholder-elected and employee-elected board members expires at the conclusion of the ordinary general meeting in the year of which the period in office expires.

Kåre Johannes Lie (born 1946), Chairman of the Board

Mr. Lie has been with Reach Subsea AS since July 2012 and has been in charge of developing Reach Subsea AS’s new business strategy. Mr. Lie was the founder and CEO of DeepOcean AS from 1999 to 2011 when the company was sold to the American company Trico. Prior to this he has been working as Director in different positions for DSND, Seateam, Interrov AS, Stolt Comex Seaway AS and Stolt-Nielsen Seaway AS for 17 years. The last 2 years he has worked for DeepOcean as Senior Advisor for Business Development. Mr. Lie holds a M.Sc. in Naval Architecture & Marine Engineering from the Technical University of Trondheim, and with a specialization in ship project engineering. Mr. Lie is a Norwegian citizen with residence in Haugesund, Norway. Lie owns 7,214,589 Shares in the Company (equal to 7.9% of the Shares) through his wholly-owned company Joso Invest AS.

Current directorships and senior management positions Joso Invest AS (Owner), 4safety AS(chairman of the board of directors), Bøkker Eiendom AS (chairman of the board of directors), Haukelifjell Fritidssenter Hytteforening (chairman of the board of directors), Haugesund Stadion AS (chairman of the board of directors), Jota Invest AS (member of the board of directors), Simsea AS (member of the board of directors), Simsea Holding AS (member of the board of directors), and Surveyor AS (chairman of the board of directors).

Previous directorships and senior management positions last five years Reach Subsea ASA (CEO), FK Haugesund AS (member of the board of directors), DeepOcean AS (Project Director and Business Development Manager) and DeepOcean ASA (Co-founder, CEO and member of the board of directors).

Sverre B. Mikkelsen (born 1951), Board member

Mr. Mikkelsen has worked within the offshore oil and gas industry for 25 years, holding various senior management positions and consulting engagements with BP Norge AS, Remoquip AS, Hallstrom Holding Pte Ltd, Singapore, Seaway Offshore Ltd, Subsea Norge AS, IMC Diving AS and Stolt Comex Seaway AS/Aceryg/Subsea7. Mikkelsen has extensive experience in advising owners, senior management and boards of companies on running international businesses in respect to risks, risk mitigation, contractual matters, development of strategies, acquisitions and joint venture analysis. Mikkelsen holds a degree in Business and Administration from Molde University College, Norway and an Advanced Commercial College from the Directorate from Oslo, Norway. Sverre B. Mikkelsen is a Norwegian citizen, and resides in Stavanger, Norway. Mikkelsen holds 85,925 Shares in the Company personally and 306,250 Shares in the Company through his wholly-owned company Tyrihans Management AS (equal to 0.43% of the Shares).

Current directorships and senior management positions Tyrihans Management AS (chairman of the board of directors)and Fabrikkeveien 29 A (member of the board of directors).

Previous directorships and senior management positions last five years None.

Martha Kold Bakkevig (born 1963), Board member

Bakkevig has broad experience in management, strategy and R&D within technology and business development from companies such as DeepWell, Kold and Allmedia. Bakkevig is currently the CEO of DeepWell in Haugesund. In addition she also holds the position as Professor II at Stord/Haugesund University College. Her board experience is wideranging and she has held board positions in over 15 different offshore and knowledge based firms from 2000 till today. She holds a Master of Science from The University of Trondheim, a PhD (dr.scient.) from The Norwegian School of Science and Technology (1995) and a PhD (dr.oecon.) from The Norwegian Business School BI (2007). Martha Kold Bakkevig is a Norwegian citizen, and resides in Haugesund, Norway. Bakkevig holds 517,175 Shares in the Company (equal to 0.57% of the Shares) through her partly owned company Kold Invest AS.

Current directorships and senior management positions DeepWell (CEO), Innovasjon Norge (member of the board of directors) and Kold Invest AS (chairman of the board of directors)

Previous directorships and senior management positions last five years Haugaland Kunnskapspark AS (member of the board of directors), Incus Investor ASA (member of the board of directors), Mera AS (member of the board of directors), Prekubator Tto AS (member of the board of directors), Ragn-Sells Tankrenovasjon AS (member of the board of directors) and Stiftelsen Polytec (member of the board of directors)

Anders Onarheim (born 1959), Board member

Anders Onarheim has extensive knowledge within management, business development and capital markets after holding the position of managing director in companies within the investment bank Carnegie Group for more than 16 years. He has previously worked internationally with Goldman Sachs and Merrill Lynch. He has held numerous board memberships within different investment firms. Anders Onarheim is a Norwegian citizen, and resides in Bærum, Norway. Onarheim holds 398.347 shares in the company through his wholly-owned company AB Invest. He also owns 75,000 shares (18.75%) in Accello Partners I AS, which owns 30.8% of the Shares in the Company.

Current directorships and senior management positions AB Investment AS (chairman of the board of directors), Spitsbergen AS (CEO and chairman of the board of directors), Accello I Partners AS (member of the board of directors), Enklere Liv AS (member of the board of directors), Isfjorden AS (member of the board of directors), Mercante AS (chairman of the board of directors), Nordic Innovation Partners AS (member of the board of directors), North Energy ASA (chairman of the board of directors) and Solstad Offshore ASA (member of the board of directors).

Previous directorships and senior management positions last five years Carnegie ASA (Managing Director), Carnegie Investment Bank AB (Group Managing Director) Bioactive Foods AS (chairman of the board of directors), Jii Opplevelser AS (chairman of the board of directors), Vika Prosjekt AS (member of boards of directors). Oe Eiendom AS (chairman of the board of directors), Norwegian Crystals AS (chairman of the board of directors), North Energy ASA (member of the board of directors) and Ly Forsikring AS (member of board of directors).

Merete Haugli (born 1964), Board member

Merete Haugli is currently managing partner of Bertrand AS and associated partner of First House AS and she also holds a number of board positions. Haugli has previously held several leading positions at SEB (Skandinaviska Enskilda Banken), Formuesforvaltning AS, ABG Sundal Collier Norge ASA and First Securities ASA. She has also held the position as Assistant Chief of Police in Oslo Police District for economic and environmental crime. Haugli has her educational background from the Norwegian College of Banking and the Norwegian School of Management (Handelshøyskolen BI). Merete Haugli is a Norwegian citizen, and resides in Oslo, Norway. Haugli does not own any Shares in the Company.

Current directorships and senior management positions Bertrand AS (managing partner), Merete Haugli AS (member of the board of directors), First House AS (associated partner) and Norwegian Property ASA (member of the board of directors).

Previous directorships and senior management positions last five years SEB (Skandinaviska Enskilda Banken) (Head of Private Banking, Norway), Aktiv Kapital ASA (member of the board of directors), ABG Sundal Collier ASA (member of the board of directors), Crew Minerals ASA, Formuesforvaltning AS (managing director and member of the board of directors), SEB ASA (member of the board of directors), Europa Infraskstruktur AS (chair of the board of directors), Floatel International Ltd, Rosenlund ASA (member of the board of directors), Høyres Kvinneforum (member of the board of directors), Global Infrastruktur I AS (member of the board of directors), Global Infrastruktur I AB, Global Infrastruktur 2007 AS (member of the board of directors), Global Infrastruktur II AS, Global Infrastruktur II AB, Global Infrastruktur 2009 AS, Fornylbar Energi I AS (member of the board of directors), Fornylsesbar Energi I AB, Renewable Energy 2009 AS (member of the board of directors), RS Platou Markets AS (member of the board of directors), CaM AS (member of the board of directors), RS Platou ASA (member of the board of directors), Agasti Holding ASA (chair of the board of directors), Comrod ASA (member of the board of directors), Folketrygdfondet (deputy member of the board of directors) and Marine Harvest ASA (member of the nomination committee).

9.8.3 Remuneration and benefits

The Board's remuneration (NOK):

Name	Position	2015	2014
Kåre J. Lie	Chairman of the Board	250.000	250.000
Anders Onarheim	Board Member	100.000	100.000
Martha K. Bakkevig	Board Member	100.000	100.000
Merete Haugli	Board Member	100.000	100.000
Sverre B. Mikkelsen	Board Member	100.000	100.000

9.9 Board committees

Audit Committee

The Company does not operate with an audit committee as a sub-committee of the Board of Directors. The Company's audit committee consists of the Board of Directors as such, cf. the last paragraph of Section 3 of the Articles of Association. The audit committee meets the Norwegian law requirements regarding independence and competence. The Board as whole acts as an audit committee.

The Primary purpose of the audit committee are to:

- Discharging its duties relating to the safeguarding of assets; the operation of adequate system and internal controls; control process and the preparation of accurate financial reporting statements in compliance with all applicable legal requirements, corporate governance and accounting standards; assess the risk profile and risk management of the Company

Remuneration Committee

The nomination committee of the Company operates as the remuneration committee. The members of this committee are Rune Lande (leader), Harald Eikesdal and Rachid Bendriss.

The remuneration committee have the responsibility for proposing the remuneration policy for all directors and the company's chairman to the general meeting of the company. There are no instructions in place in the Company under which the remuneration committee operates.

9.10 Nomination committee

The Company's Articles of Association provide for a nomination committee composed of three members elected by the general meeting for a period of two years. The nomination committee is responsible for nominating the shareholder-elected members of the Board of Directors and make recommendations for remuneration to the members of the Board of Directors. The nomination committee currently consists of the following members: Harald Eikesdal (chair), Mads Ansgar Ellefsen and Helen Leversund.

9.11 Management

9.11.1 Overview

The current Management of the Company is comprised of seven individuals. The following table sets out the name and position for each of the members of the Management as the date of this Prospectus, followed by bibliographical information.

Name	Current position within the Group	Employed with the Group since
Jostein Alendal	Chief Executive Officer	2008
Birgitte Wendelbo Johansen	Chief Financial Officer	2012
Morten R. Stranden	Chief Operating Officer	2013

The Company's registered business address, Reach Subsea ASA, Haraldsgata 190, 5525 Haugesund, Norway, serves as c/o address for the members of the Management in relation to their employment with the Company.

9.11.2 Brief biographies of the members of the 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 Reach Subsea ASA and names of companies and partnerships of which a member of Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Jostein Alendal (born 1966), Chief Executive Officer

Mr. Alendal is a co-founder of Reach Subsea AS. Mr. Alendal co-founded, and has worked as Technical Manager in DeepOcean ASA since 1999 with group responsibility of all ROV operations. Prior to this he has worked in Stolt Comex Seaway AS and Seateam AS within remote operated submarine technology and with the responsibility for operation and maintenance of equipment and ROV systems. Mr. Alendal holds a degree within Automation from the Engineering college in Haugesund (Høyskolen i Haugesund). Mr. Alendal is a Norwegian citizen with residence in Haugesund, Norway. Alendal holds 50,000 Shares in the Company personally and owns 5,301,539 Shares in the Company (equal to 5.8% of the Shares) through his partly owned company JT Invest AS, and 73,047 stock options .

Current directorships and senior management positions JT Invest AS (co-founder, managing director and chairman of the board of directors), Connect Offshore AS (chairman of the board of directors) and Surveyor AS (chairman of the board of directors).

Previous directorships and senior management positions last five years..... None

Birgitte Wendelbo Johansen (born 1976), Chief Financial Officer

Mrs. Johansen has 15 years of experience within banking, marine insurance and investment analysis through positions held at BNP Paribas, Oceanlink Management AS and SpareBank 1 SR-Bank ASA. She holds a Master of Business and Economics with specialisation within Shipping Management from the Norwegian School of Management, Sandvika and an Executive MBA in Shipping and Logistics (the Blue MBA) from Copenhagen Business School. Mrs. Johansen is a Norwegian citizen with residence in Haugesund, Norway. Johansen owns 139,050 Shares in the Company (equal to 0.15% of the Shares), and 53,125 stock options.

Current directorships and senior management positions Grefsen Alle 12 A Holding AS (deputy member of the board of directors), Connect Offshore AS (member of the board of directors) and Haugesund Rideklubb (chairman of the board of directors).

Previous directorships and senior management positions last five years SpareBank 1 SR-Bank ASA (Vice President Energy and Maritime).

Morten R. Stranden (born 1972), Chief Operating Officer

Mr. Stranden has broad experience in the areas of engineering and project management, project execution, contract administration and offshore operations within the subsea and pipeline industry. He has previously been employed with Coflexip Stena Offshore/Technip and Statoil, both in Norway and internationally. Mr. Stranden is educated as a Master of Science in Marine Technology from NTNU in Trondheim. He has worked within the subsea industry since 1995. Mr. Stranden is a Norwegian citizen with residence in Karmøy, Norway. Mr. Stranden owns 109,375 Shares in the Company (equal to 0.12% of the Shares), and 59,766 stock options.

Current directorships and senior management positions Karmsund Group AS (member of the board of directors) and Karmsund Servicebase AS (member of the board of directors).

Previous directorships and senior management positions last five years Shokman Development AG (Subsea Production Systems, technical lead) and Statoil ASA (Company Representative, Pipeline Repair System, Frame Contract with Technip).

9.11.3 Remuneration and benefits

The table below sets out the total remuneration paid to the members of the Management (to the CEO and the other members of Management, respectively) in 2015 (in NOK).

(NOK 1000)	Salary	Pension expenses	Other comp	Share options
2015				
Managing Director CEO	1,210	82	24	73,047
CFO	857	62	19	53,125
COO	956	61	22	59,766
Total	3,023	205	65	185,938
2014				
Managing Director CEO	1,160	52	-	146,094
CFO	850	37	-	119,531
COO	940	44	-	106,250
Total	2,950	133	-	371,875

None of the members of the Management has entered into any agreement with the Group, providing benefits upon termination of their employment, outside the CEO of the Company who, under given circumstances, has an agreement granting 12 months pay after leaving the Company.

With respect to the share options, these have a strike price of NOK 3,20, and an expiry date 12 September 2016. The options may be exercised at any time (American options) by 1/3 within 12 months after the expiry date, 1/3 within 24 months after the expiry date and by 1/3 within 36 months after the expiry date. Any options not exercised in the periods described above will automatically become void and lapse without compensation to the option holder.

The management did not pay any fee in relation to the issue of the share options. The background for the option scheme is that the Group has wished to establish long-term incentive arrangements for key personnel as the long-term commitment of Managers and key personnel is regarded vitally important to the further development of the Group. The option scheme is also to some degree an alternative to an increase of the fixed salaries.

9.12 Pensions

Currently, the Group has a contribution based pension plan for all its employees.

9.13 Conflicts of interests etc.

During the last five years preceding the date of this Prospectus, none of the members of the Board of Directors or Management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions² by any statutory or regulatory authorities (including designated professional bodies) or was 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 or her capacity as a founder, director or senior manager of a company (except for Merete Haugli (member of the Board of Directors) who was a member of the board of directors in Rosenlund ASA at the time of bankruptcy of such company).

² In April 2012, the NFSAs withdrew the licences to offer investment services granted to Acta Asset Management AS, a subsidiary of Agasti Holding ASA (previously Acta Holding ASA), a company where Merete Haugli (member of the Board of Directors) is the chair of the board of directors. This decision has been appealed to the Norwegian Ministry of Finance, but the appeal has yet not been considered.

There are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Board of Directors and the Management, including any family relationships between such persons.

9.13.1 Potential conflicts of interests related to the Private Placement

The Private Placement was subscribed for by various stakeholders in the Company. Normand Reach AS and West Supply Operations II AS has charter income from the Company and could have a special interest in the offering. The other stakeholders included the main shareholder Accello Partners I AS and certain employees and shareholders. These other stakeholders could have a direct economic interest that was dependent on the success of the offer.

9.14 Employees

As of the date of this Prospectus, the Group has 63 employees in Norway. Except for the CEO and the CFO, which is employed with the Company, all employees are employed with Reach Subsea AS. 20 persons are working at the main office in Haugesund, whereas the rest are classified as offshore personnel. The company had approximately 30 persons contracted in 2015 on a project basis.

9.15 Corporate governance

The Company endeavors to be in compliance with the Norwegian corporate governance regime, as detailed in the Corporate Governance Code. As of the date of this Prospectus, the Company is in compliance with the Corporate Governance Code, except for as specified below:

- The Company does currently not operate with an audit committee as a separate sub-committee of the board of directors.
- The Company does currently not operate with a compensation committee as a separate sub-committee of the board of directors. The Company will, however, before year-end 2016, establish a compensation committee to be appointed by the Board of Directors.
- The Company has no defence mechanisms in the Articles of Association to prevent take-overs. If any offer is presented, the Board of Directors will work to inform the shareholders and allow time to decide on the offer, and issue a statement that assesses the offer, and a recommendation to shareholders whether to accept the offer or not.

The Company has, and will continue to, on an annual basis provide statements on its compliance with the Corporate Governance Code.

9.16 Operating and financial review

The Group's business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the Group's financial results, are affected by a number of factors, see Section 2 "Risk Factors." Some of the factors that have influenced the Group's financial position during the last two years and which are expected to continue to influence the Group's business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the Group's financial results, are:

- Oversupply of subsea vessels in the market
- Risk related to competition
- Oil and gas prices
- Foreign exchange rate fluctuations
- Geopolitical risks

9.17 Research and development

The Group developed the new ROV system, Surveyor, together with Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines in a much higher speed and with a better quality of data than the existing Work ROV systems. This project was sponsored by Marin Mätteknik AB in Sweden and Innovasjon Norge. The Surveyor was completed and ready for use in 2015 after four years of engineering and building.

The ROV "Surveyor" is owned by Surveyor AS on a true joint venture and 50% basis with Marin Mätteknik AB. The owners are leasing the ROV "Surveyor" from Surveyor AS. Surveyor AS is not consolidated. A total of NOK 28 million has been injected in equity from the owners into Surveyor AS. The carrying amount from the investment in Surveyor AS on the

Company's balance sheet in 2015 was NOK 6.8 million whereas the share of profit of this investment (accounted for using the equity method) was negative NOK 7.2 million.

The development of the ROV "Surveyor" was a special case and not such developments are not part of the Company's future strategy. The company might however undertake other product development projects in the future but currently no new product development is planned.

The Company has not activated any research and development costs on its balance sheet.

10 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 Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association and applicable law.

10.1 Company corporate information

Reach Subsea ASA is a Norwegian public limited company incorporated and operating under the laws of Norway, including the Norwegian Public Limited Companies Act. Reach Subsea was incorporated on 19 August 1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company is registered with the Norwegian Register of Business Enterprises under organisation number 922 493 626. The Company's registered address is at Haraldsgata 190, N-5525Haugesund, Norway, with telephone number +47 40 00 77 10. The Company's website address is www.reachsubsea.com.

10.2 Stock exchange listing

The Shares have been listed on the Oslo Stock Exchange since 1920, and trades under the ticker code "REACH". The Shares are not listed on any other stock exchange or regulated market, and no application for such listing has been made.

10.3 Share capital

As of the date of this Prospectus, and following the issuance of the New Shares, the Company's registered share capital is NOK 91,241,065, divided into 91,241,065 Shares, each with a nominal value of NOK 1.00. All the Shares are authorised, issued and fully paid in compliance with the Norwegian Public Limited Companies Act. The Shares (except for the New Shares) are registered in the VPS under ISIN NO 000 3117202. The Company's registrar in the VPS is Sparebank 1 Sr-Bank ASA, Bjergsted Terrasse 1, Postboks 250, 4066 Stavanger.

The Annual General Meeting in 2016 authorized the board to increase the share capital by up to 2,100,000 shares related to the share based compensation program for employees. The authorization is valid until June 30, 2017, and has not been utilized at the date of this Prospectus.

The number of shares at the beginning of the year 2016 was 76,241,065. The fully diluted number of shares at the beginning of the year 2016 was 76,873,076. The difference between the two numbers is 632,011 shares and represents options on having share issued in Reach Subsea ASA. The corresponding number of shares at the beginning of 2015 was 75,971,997 and fully diluted 77,204,138, and at the beginning of 2014 it was 75,918,183 and fully diluted 78,109,587.

With respect to the 632,011 options granted to employees, these have a strike price per share option of NOK 3,2, and they expire 12 September 2016. The options are granted to selected employees, including but not limited to the management of the company cf. section 9.11 above.

The AGM resolved to issue warrants free of compensation for 4.000.000 shares to Normand Drift AS, with a strike price of NOK 3,- per share. Please see section 10.7 last paragraph for further reference.

10.4 Major shareholders

As at the date of this Prospectus, and in so far as is known to the Company, the following persons have, directly or indirectly, an interest of 5% or more of the share capital of the Company (which constitute a notifiable holding under the Norwegian Securities Trading Act)¹:

Accello Partners I AS	27.644.254	30,3 %
Joso Invest AS	7.214.589	7,9 %
JT Invest AS	5.301.539	5,8 %
Normand Drift AS	5.000.000	5,5 %
West Supply II Operations AS	5.000.000	5,5 %

The Company's major shareholders does not have different voting rights than any other shareholder of the Company.

10.5 Limitations on the right to own and transfer Shares

The Shares are freely transferable. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of nonresidents or foreign owners to hold or vote for the Shares.

10.6 Outstanding authorisations

Authorisation to increase the share capital and to issue Shares

The board was granted an authorization by the annual general meeting in 2016 to increase the share capital by a maximum of 2.100.000 Shares, for the use in connection with the Company's share based incentive scheme for the employees, approximately 2.7 % of the Share capital.

Authorisation to acquire treasury Shares

As of the date of this Prospectus, the Company owns 1,305 of its own shares each with a nominal value of NOK 1 and a book value of NOK 1.50.

10.7 Other financial instruments

Neither the Company nor its subsidiary 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, outside the warrants issued on the Annual General Meeting on 30 May 2016 commented below in this section 10.7, and the options granted to certain employees as described in section 10.3 above. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

The AGM resolved to issue warrants free of compensation for 4.000.000 shares to Normand Drift AS, with a strike price of NOK 3,- per share. The warrants will not be listed. Exercise of the warrants may take place during the period after 12.06.2018, or such earlier date on which the bid is made (voluntary or mandatory) for the acquisition of all shares in the Company, however not later than 12.06.2019. If the charterparty contracts existing at the time of issuance of the warrants is terminated, the number of warrants will be reduced to a total of 2.000.000 warrants. Total number of shares issued to Normand Drift AS after the private placements where the warrants are exercised shall not exceed 9.5% ownership in the Company.

10.8 Shareholder rights

The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Company's Shares carries one vote.

10.9 The Articles of Association and certain aspects of Norwegian law

10.9.1 The Articles of Association

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of provisions of the Articles of Association.

Objective of the Company

The objective of the Company is to engage in engineering, construction and service activities for the offshore energy industry, shipping and other transportation activities through ownership and/or management, participation in other companies involved in the above activities, and any business relating thereto. The Company's objective can be found in Section 1, second paragraph of the Articles of Association.

Registered office

The Company's registered office is in the municipality of Haugesund, Norway.

Share capital and nominal value

The Company's share capital is NOK 91,241,065, divided into 91,241,065 Shares, each Share with a nominal value of NOK 1.00. The Shares are registered with the Norwegian Central Securities Depository (VPS).

Board of Directors

The Company's Board of Directors shall consist of a minimum of three and a maximum of six members.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

General meetings

Documents relating to matters to be dealt with by the Company's general meeting, including documents which by law shall be included in or enclosed to the notice of the general meeting, do not need to be sent to the shareholders provided that such documents have been made available on the Company's internet site.

Shareholders wishing to attend the general meeting must give notice to the Company within three days prior to the general meeting. The Shareholders, who do not comply with the above-mentioned time limit, may be refused to attend the general meeting.

Nomination committee

The Company shall have a nomination committee consisting of three members elected by the general meeting for a period of two years. See Section 14.3 "Nomination committee" for further information.

Audit committee

The Company's audit committee consists of the Board of Directors as such. See Section 14.2.5 "Board committees" for further information.

10.9.2 Certain aspects of Norwegian corporate law*General meetings*

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of Norwegian public limited liability company listed on stock exchange or regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration. The Company's Articles of Association do however include a provision requiring shareholders to pre-register in order to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor who audits the company's annual accounts or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

Voting rights—amendments to the Articles of Association

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or The Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or subscription rights

by the Company or to authorise the Board of Directors to purchase the Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares,

receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be effected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting.

If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding 18 months.

Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the company's website, at least one month prior to the general meeting to pass upon the matter.

Liability of Directors

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Company's directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of Directors

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Company's directors against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

Shareholder agreements

There are no shareholders' agreements related to the Shares.

Dividends

The Company only has one share class of shares and all shares have equal dividend and voting rights. Distribution of dividends is subject to resolution of the general meeting following a proposal by the board of directors for such distribution or other employment of the profit. Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS

10.10 Securities trading in Norway

10.11 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.

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.

10.12 Trading and settlement

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 16:30 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 three trading days (T+3).

Oslo Clearing ASA, a wholly-owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA 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 NFSA 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.

10.13 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 NFSA 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 (i.e. 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.

10.14 The VPS and transfer of shares

The Company's principal share register is operated through the VPS. 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 Bye-laws 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 NFSA on an ongoing basis, as well as any information that the NFSA 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.

10.15 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 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 NFSA. 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 vote in general meetings on behalf of the beneficial owners.

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS

10.16 Foreign investment 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.

10.17 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 is 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.

10.18 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.

10.19 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 Norwegian company listed on a Norwegian regulated market 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-months 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 Norwegian company listed on a Norwegian regulated market 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.

10.20 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

10.21 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 NFSA have electronic access to the data in this register.

11 TAXATION

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Shares. The statement below is based on the laws in force in Norway 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 retrospective basis. The summary does not address foreign tax laws.

The 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 in the Company. Shareholders who wish to clarify their own tax situation should consult with 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 specifically 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.

11.1 Norwegian taxation

11.1.1 Norwegian shareholders

11.1.2 Taxation of dividends Norwegian Personal Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes (“**Norwegian Personal Shareholders**”) are taxable as ordinary income for such shareholders at a flat rate of 27% to the extent the dividend exceeds a tax-free allowance.

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 determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Nw.*: “*statskasseveksler*”) with three months maturity. 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 the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

Norwegian Corporate Shareholders

Dividends distributed from the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes (“**Norwegian Corporate Shareholders**”), are effectively taxed at a rate of 0.84% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 27%).

11.1.3 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. 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 27%. 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 any 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. See Section 11.1.3 “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 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.

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Taxation of 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 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.

11.1.4 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 1.1% of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

11.1.5 Non-Norwegian shareholders

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS.

11.1.6 Taxation of dividends

Non-Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above).

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

11.1.7 Capital gains tax

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

11.1.8 Net wealth tax

Shareholders not resident in Norway for tax purposes are 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.

11.1.9 Inheritance Tax

When shares are transferred by way of inheritance or gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence. Irrespective of residence or citizenship, Norwegian inheritance tax may be levied if the shares are held in connection with the conduct of a trade or business in Norway.

Inheritance tax will be applicable to gifts if the donor is a citizen of Norway at the time the gift was given. However, for taxes paid in the donor's country of residence a credit will be given in the Norwegian gift taxes.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The rate is progressive from 0 to 15%. For inheritance and gifts from parents to children, the maximum rate is 10%.

11.1.10 Duties on transfer of shares

No VAT, stamp or similar duties are currently imposed in Norway on the transfer of shares in Norwegian companies.

12 ADDITIONAL INFORMATION

12.1 Name, incorporation and registered office

The Company's legal and commercial name is Reach Subsea ASA. Reach Subsea is a Norwegian public limited company organised under the laws of Norway in accordance with the Norwegian Public Limited Companies Act with registration number 922 493 626. The Company was incorporated as a Norwegian limited liability company on 19 August 1909 and converted into a public limited liability company on 24 April 1996.

The Company has its registered address at Haraldsgata 190, N-5525 Haugesund, Norway, with telephone number +47 40 00 77 10.

12.2 Related party transactions

Reach Subsea ASA is the parent company of the group. The following transactions were carried out with related parties:

(NOK 1000)	2015	2014
Sales		
To Joint Venture	58,716	6,673
Purchases		
From Joint Venture	5,853	-

All transactions were part of the general activity and the agreements have been concluded on marked terms in accordance with Limited Liability Companies Act § 3-8 and § 3-9

12.3 Litigation and disputes

From time to time, the Company is involved in litigation, disputes and other legal proceedings arising in the normal course of its business. Neither the Company nor any other company in the Group are, nor have been during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

12.4 Auditor and advisors

12.4.1 Auditor

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

12.4.2 Advisors

SR-Bank Markets (Bjergsted Terrasse 1, 4066 Stavanger) are acting as Lead Manager for the Private Placement.

Advokatfirmaet Kluge AS (Laberget 24, Hinna Park, 4066 Stavanger Norway) is acting as legal advisor to the Company.

12.5 Documents on display

Copies of the following documents will be available for inspection on the Company's website www.reachsubsea.com and at the Company's registered office at Haraldsgata 190, N-5525 Haugesund, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

- (i) the Company's Articles of Association;
- (ii) the Company's Certificate of Registration;
- (iii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- (iv) the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2015 and 2014 and the Company's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2016 and 2015;

- (v) Audited financial statements of the subsidiaries of the Company as of, and for the years ended, 31 December 2015 and 2014;
- (vi) this Prospectus.

12.6 Incorporation by reference

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list set out in the table below. Except as provided in this Section, no information is incorporated by reference in this Prospectus.

The Company incorporates by reference the Company’s audited consolidated financial statements as of, and for the years ended, 31 December 2015 and 2014, and the Company’s unaudited consolidated financial statements as of, and for the three months ended, 31 March 2016 and 2015 and the prospectus dated [June 2016], as well as certain other documents specified below.

Section in the Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Sections 12.6	Audited historical financial information	Reach Subsea ASA – Financial Statements 2015: http://www.newsweb.no/newsweb/search.do?messageId=400727	P26-59
		Reach Subsea ASA – Financial Statements 2014: http://www.newsweb.no/newsweb/search.do?messageId=376851	P26-59
Sections 12.6	Audit report	Reach Subsea ASA – Auditor’s Report 2015: http://www.newsweb.no/newsweb/search.do?messageId=400727	P60-61
		Reach Subsea ASA – Auditor’s Report 2014: http://www.newsweb.no/newsweb/search.do?messageId=376851	P60-61
Sections 9.4	Accounting policies	Reach Subsea ASA – Accounting Principles: http://www.newsweb.no/newsweb/search.do?messageId=400727	P65-66
Sections 12.6	Interim financial information	Reach Subsea ASA – First Quarter Financial Statement 2016: http://www.newsweb.no/newsweb/search.do?messageId=403124	P7-12
		Reach Subsea ASA – First Quarter Financial Statement 2015: http://www.newsweb.no/newsweb/search.do?messageId=379185	P6-12

13 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

2010 PD Amending Directive	Directive 2010/73/EU amending the EU Prospectus Directive.
Articles of Association.....	The Company's articles of association attached as Appendix A of this prospectus.
Board of Directors	The Board of Directors of the Company.
CET	Central European Time.
Company	Reach Subsea ASA.
CSV.....	Construction Support Vessels are used for, amongst other things, subsea installation of production facilities, pipelines and FPSO mooring installation. Such vessels are generally fitted with large engines, a large cargo deck, heave compensated cranes on deck with up to a 400 metric tonne lift capability, an A-frame crane as well as under-deck product carousels used for deployment of flexible pipe and cable products. Construction vessels are also generally equipped with one or two work class ROVs (a work class ROV is equipped with tools which enables it to work with items at seabed).
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance dated 23 October 2012.
DSV	DSVs (diving support vessels) assist in subsea construction work and are fitted with saturation diving systems for the divers. Newer DSVs are also generally fitted with a work class and observation class ROV, semi-large cranes and a helicopter deck for easy access.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EEA	The European Economic Area.
EPIC.....	Engineering, procurement, installation and construction.
E&P	Exploration and production.
EU	The European Union.
EUR	The lawful currency of the participating member states in 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.
FPSO.....	Floating Production, Storage and Offloading (FPSO) unit is a floating vessel used by the offshore oil and gas industry for the production and processing of hydrocarbons, and for the storage of oil.
FSMA	The UK Financial Services and Markets Act 2000.
Group.....	The Company taken together with its consolidated subsidiaries (at the relevant point in time). IFRS
	International Financial Reporting Standards as adopted by the EU.
IMR	Inspection, Maintenance and Repair vessels are used for such activities on offshore subsea installations including subsea production facilities and pipelines. IMR vessels are generally equipped with observation/inspection class ROVs with sonar and video inspection capabilities
Lead Manager	SR-Bank Markets.
Management	The senior management team of the Company.
MPSV	Multi purposes support vessel.
New Shares	The 15,000,000 new shares in the Company issued in connection with the Private Placement.
NFSA	The Financial Supervisory Authority of Norway (<i>Nw.: Finanstilsynet</i>).
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholders	Shareholders who are limited liability companies and certain similar corporate entities not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Corporate Shareholders ..	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian Personal Shareholder.....	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Private Limited Companies Act	Norwegian Private Limited Companies Act of 13 June 1997 No 44 (<i>Nw.: aksjeloven</i>).
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 28 June 2007 No 75 (<i>Nw.: verdipapirhandelloven</i>).
OPEC	Organization of Petroleum Exporting Countries.
Order	The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Oslo Stock Exchange	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
Private Placement	The private placement 15,000,000 New Shares completed on [...] June 2016.
Prospectus	This Prospectus dated [...] June 2016.
PRS.....	Pipeline Repair System.
Reach Subsea	The Company.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
ROV	Remotely Operated Vehicles vessels are offshore vessels fitted with up to five or six work-class ROVs that operate in water depths of up to 3,000 metres and can undertake construction and intervention, drill rig support and survey jobs with live video feedback to the vessel.
Share(s)	Means the shares of the Company, each with a nominal value of NOK 1.00, or any one of them, including the New Shares.
SR-Bank Markets	SpareBank 1 SR-Bank ASA, Markets.
Subscription Price	The subscription price for being NOK 2.00
Umbilicals.....	Umbilical is a cable which supplies required consumables to an apparatus. An umbilical can for example supply air and power to a pressure suit or hydraulic power, electrical power and fiber optics to a subsea equipment.
U.S. or United States	The United States of America.
U.S. Exchange Act	The United States Exchange Act of 1934, as amended.
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>).

Appendix A: ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF REACH SUBSEA ASA

As of 29 May 2013

§ 1

The company's name is Reach Subsea ASA. The company is a public limited liability company.

The Company's objective is to engage in engineering, construction and service activities for the offshore energy industry, shipping and other transportation activities through ownership and/or management, participation in other companies involved in the above activities, and any business relating thereto.

The company's registered office is in Haugesund municipality. General meetings may also be held in Oslo municipality.

§ 2

The company's share capital is NOK 91,241,065 divided into 91,241,065 shares, each with a nominal value of NOK 1.00. The company's shares shall be registered in the Norwegian Central Securities Depository.

§ 3

The Board of Directors shall have 3 to 6 members. Two Board members may jointly sign on behalf of the Company.

The Company shall have a nomination committee composed of 3 members elected by the General Meeting for a period of two years. The Nomination Committee's leader is elected by the General Meeting. The Nomination Committee is responsible for nominating the shareholder-elected members of the Board of Directors and make recommendations for remuneration to the members of the Board of Directors.

The Company's Audit Committee consists of the Board of Directors as such. The Audit Committee meets the Norwegian Law requirements regarding independence and competence.

§ 4

Shareholders that wish to attend the Ordinary or Extraordinary General Meeting must inform the Company of their attendance 3 days prior to the Meeting.

§ 5

The ordinary General Meeting shall transact and decide on the following issues:

1. Specification of the profit and loss account and the balance sheet, and the use of profit or covering of loss in accordance with the specified balance sheet
2. Specification of group profit and concern balance
3. Any other matters which are pursuant to the law or the articles of association are the responsibility of the general meeting

Documents concerning matters that must be addressed in the general meeting, including documents which, pursuant to law, must be included or enclosed with the summons to the general meeting, do not need to be sent to the shareholders if the documents are available on the company's website.

