

PROSPECTUS



REACH SUBSEA ASA

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

Subsequent Offering of 6,399,070 Offer Shares

Subscription Price: NOK 1.75 per Offer Share

Subscription Period: From 27 February 2017 to 10 March 2017 at 16:30 CET

Listing of 48,609,900 Shares issued in a Private Placement on the Oslo Stock Exchange

The information in this prospectus (the "**Prospectus**") relates to (i) 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 48,609,900 new shares in the Company with a nominal value of NOK 1.00 each (the "**New Shares**") issued at a subscription price of NOK 1.75 per New Share in a private placement directed towards certain Norwegian and international institutional investors for gross proceeds of NOK 85,000,000 (the "**Private Placement**") and (ii) a subsequent offering (the "**Subsequent Offering**") of 6,399,070 new shares (the "**Offer Shares**") directed towards shareholders in the Company, as of 12 January 2017, as registered with the VPS two trading days thereafter (the "**Record Date**"), who were not invited to participate, or applied for but were not allocated shares, in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or (for jurisdictions other than Norway) would require any prospectus, filing, registration or similar action, and who are not employees in Reach Subsea AS ("**Eligible Shareholders**").

Eligible Shareholders will receive non-transferable subscription rights based on their shareholding as of the Record Date. The subscription rights will give Eligible Shareholders a preferential right to subscribe for and be allocated shares in the Subsequent Offering. Over-subscription and subscription without subscription rights will not be permitted. The subscription price in the Subsequent Offering will be equal to the subscription price in the Private Placement. Eligible Shareholders will be granted 0.35784 Subscription Rights for each Share held. Each Subscription Right will give the right to subscribe for one (1) Offer Share in the Subsequent Offering. The subscription period commences on 27 February 2017 and expires on 10 March 2017 at 16:30 CET (the "**Subscription Period**").

Subscription Rights that are not used to subscribe for Offer Shares before expiry of the Subscription Period will have no value and will lapse without compensation.

Trading in the New Shares on Oslo Børs is expected to commence as soon as possible after publication of the prospectus 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 16 "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.

Managers

Arctic Securities AS

Clarksons Platou Securities AS

The date of this Prospectus is 23 February 2017

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 Arctic Securities AS and Clarksons Platou Securities AS as managers (each a “**Manager**” and jointly the “**Managers**”) in connection with the Private Placement and Subsequent Offering. The Managers are acting for the Company and no one else in relation to the Private Placement and Subsequent Offering on the Oslo Stock Exchange. The Managers will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Managers or for providing advice in relation to the Private Placement or Subsequent Offering.

No person is authorised to give information or to make any representation in connection with the Private Placement and Subsequent Offering 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 Managers 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 or Offer Shares and no one has taken any action that would permit a public offering of Shares to occur outside of Norway. 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 Managers require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The New Shares and Offer 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 and Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction in the United States. 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.

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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 (Nw.: allmennaksjeselskap) 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 Garpeskjærvegen 2, N-5527, 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>

B.4a	Significant Recent Trends	<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>
B.5	Description of the Company	<p>The Group’s operations are currently carried out solely through the wholly-owned subsidiaries Reach Subsea AS and Connect Offshore 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>
B.6	Interests in the Company and Voting Rights	<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):</p> <ul style="list-style-type: none"> • Accello Partners I AS (28.7%) • Eika Norge (7.4%) • Joso Invest AS (5.4%)
B.7	Selected Financial Information	

Income statement (in NOK '000)	Note	2016	2015	2016	2015	2014
		01.10-31.12 unaudited	01.10-31.12 unaudited	01.01-31.12 unaudited	01.01-31.12 unaudited*)	01.01-31.12 unaudited*)
Operating income		66 052	135 589	327 493	634 369	311 050
Other operating income		0	0	0	0	100
Total operating income		66 052	135 589	327 493	634 369	311 150
Operating expenses		-55 532	-124 801	-302 429	-599 981	-276 455
EBITDA before amortized term ination fee		10 521	10 788	25 064	34 388	34 695
Amortized term ination fee		-7 267	-	-14 529	0	0
EBITDA after amortized term ination fee		3 254	10 788	10 535	34 388	34 695
Depreciation	3	-6 254	-6 255	-24 814	-23 030	-13 675
Operating result (EBIT)		-3 000	4 533	-14 279	11 358	21 020
Net financial items		-1 654	373	-7 376	-2 790	3 870
Net result from affiliated companies		-955	-4 104	-1 557	-7 173	-59
Profit (loss) before taxes		-5 610	800	-23 212	1 394	24 831
Taxes	9	0	0	0	0	0
Profit (loss)		-5 610	800	-23 212	1 394	24 831
Comprehensive income						
Gain/loss on financial derivatives and cash flow hedges		0	-	0	1 268	-1 268
Comprehensive income items		0	-	0	1 268	-1 268
Total comprehensive income		-5 610	800	-23 212	2 663	23 563
Earnings per share		-0,06	0,01	-0,28	0,02	0,31
Diluted earnings per share		-0,06	0,01	-0,28	0,02	0,31

*) Change of APM (EBITDA after amortized term ination fee) was done after the audit of accounts in 2014 and 2015

Consolidated balance sheet (in NOK '000)		2016 31.12. <i>unaudited</i>	2015 31.12. <i>audited</i>	2014 31.12. <i>audited</i>
	Note			
Non-current assets				
Deferred tax assets	9	8 161	8 161	8 161
Investment in associated companies		5 272	6 829	5 361
Property, plant and equipment	3	116 916	140 415	97 473
Other long term receivables	6	33 000	53 000	53 000
Total non-current assets		163 349	208 405	163 995
Current assets				
Trade and other receivables	6	104 654	76 478	39 221
Cash and cash equivalents		30 586	54 370	59 746
Total current assets		135 240	130 848	98 967
Total assets		298 590	339 253	262 962
Equity				
Share capital	7	91 241	76 241	76 241
Share premium		80 919	67 806	67 806
Other equity	8	-9 211	13 397	10 130
Total equity		162 949	157 444	154 177
Non-current liabilities				
Interest-bearing debt	4	64 227	94 601	59 518
Total non-current liabilities		64 227	94 601	59 518
Current liabilities				
Current portion of interest-bearing debt	4	21 000	18 000	10 200
Other current liabilities		50 414	69 208	37 799
Derivatives		0	0	1 268
Total current liabilities		71 414	87 208	49 267
Total liabilities		135 641	181 809	108 785
Total equity and liabilities		298 590	339 253	262 962
<i>Recent development</i>				
<p>On 13 January 2017, the Company announced that it had completed a Private Placement of 48,609,900 New Shares at the price of NOK 1.75, corresponding to gross proceeds of NOK 85 million.</p> <p>Apart from the above, there have been no significant changes in the Company's financial and trading position since 31 December 2017.</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.
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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 139,850,965, consisting of 139,850,965 Shares, each with a par value of NOK 1.00.
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" as soon as possible after publication of the prospectus. The New Shares are currently listed on a temporary basis on Merkur Market, pending the publication of this Prospectus.
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. • 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.

Element E—Offer

E.1	Net Proceeds and Estimated Expenses	<p>The gross proceeds from the Private Placement were NOK 85 million. The Company estimates that the total expenses in connection with the Private Placement will amount to approximately NOK 6 million. The net proceeds from the Private Placement will accordingly amount to approximately NOK 79 million.</p> <p>The gross proceeds in connection with the Subsequent Offering will, if fully subscribed, be approximately NOK 11.2 million. The Company estimates that the total expenses in connection with the Subsequent Offering will amount to approximately NOK 1 million. The net proceeds from the Subsequent Offering will accordingly amount to approximately NOK 10.2 million, if fully subscribed.</p>
E.2a	Reasons for the Offer and Use of Proceeds	<p>The net proceeds from the Private Placement will be used for acquisition of ROVs and associated equipment, working capital for mobilization of potential new subsea spreads (vessel, ROVs and equipment), and general corporate purposes.</p>

E.4	Material and Conflicting Interests	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. The Manager has received a success fee for the Private Placement and will receive a success fee of 5% of the gross proceeds raised in the Subsequent Offering and, as such, had an interest in the Private Placement and have an interest in the Subsequent Offering.
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 35%. The immediate dilution of ownership for shareholders not participating in the Subsequent Offering will be approximately 4.5% (given full subscription).
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 materialize, 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 materialize.

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 required.

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 be 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.

23 February 2017

The Board of Directors of Reach Subsea ASA

Kåre Johannes Lie
Chairman

Anders Onarheim
Vice chairman

Sverre B. Mikkelsen
Board member

Martha Kold Bakkevig
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 year ended, 31 December 2016, as incorporated by reference in this Prospectus (see Section 15.6 "Incorporation by reference"). The financial statements for the Company as of, and for the years ended, 31 December 2016, 2015 and 2014 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 year ended, 31 December 2016 has 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 "Business Overview", Section 8 "Business of the Group", Section 9 "Dividends and Dividend Policy" and Section 11.9 "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 11.9 “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 PRIVATE PLACEMENT

5.1 Background and reasons for the Private Placement

On 13 January 2017, the Company announced that it had completed a Private Placement of 48,609,900 New Shares at the price of NOK 1.75, corresponding to gross proceeds of approximately NOK 85 million. The Private Placement was directed towards certain Norwegian and international investors. The Company's two largest shareholders, North Energy Capital AS and Accello Partners I AS, had committed to subscribe for and was allocated a total of NOK 25 million worth of shares in the Private Placement. The Private Placement was significantly oversubscribed. Furthermore, the following primary insiders of the Company were allocated shares in the Private Placement; Accello Partners I AS (Anders Onarheim and Rachid Bendriss), AB Investment AS (Anders Onarheim), Kold Invest AS (Martha Kold Bakkevig), JOSO Invest AS (Kåre Johannes Lie), Consus AS (Rune Lande), JT Invest AS (Jostein Alendal), Tyrihans Management AS (Sverre B. Mikkelsen).

Net proceeds from the Private Placement will be used for general corporate purposes as well as new opportunities that may arise, such as acquisition of ROVs and associated equipment and working capital for mobilization of potential new subsea spreads (vessel, ROVs and equipment).

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

On 7 February, 2017, the Extraordinary General Meeting resolved the following:

1. *"The Company's share capital shall be increased by up to NOK 48,609,900 by issuing up to 48,609,900 new shares, each with a nominal value of NOK 1.*
2. *The subscription price is NOK 1.75 per share.*
3. *The new shares shall be subscribed for by Arctic Securities AS and Clarksons Platou Securities AS, on behalf of the investors who received conditional allotment of shares in the various tranches of the Private Placement.*
4. *Existing shareholders' right to subscribe for new shares pursuant to section 10-4 of the Norwegian Public Limited Liabilities Act, cf. section 10-5, is waived.*
5. *Subscription shall be made on a separate subscription form no later than two weeks after the date of the extraordinary general meeting.*
6. *The share contribution shall be settled by cash payment to a separate share contribution account with the Company no later than two weeks after the date of the extraordinary general meeting.*
7. *The new shares will carry full shareholders' rights in the Company, including dividend rights, as from the date the share capital increase is registered in the Norwegian Register of Business Enterprises.*
8. *Estimated costs and fees in connection with the capital increase is approximately NOK 6 million.*

Section 2 in the Company's articles of association shall be amended to reflect the new number of shares and the new share capital after the share capital increase."

In order to complete the Private Placement, the Board proposed that the EGM approved a waiver of the shareholders' preferential rights. The Board considered this to be in the Company's and shareholders' interest, in light inter alia the purpose of the Private Placement, timing and terms of the equity issue and required participation and demand. The Board will, however, propose that the EGM approves, subject to completion of the Private Placement, the launch of the Subsequent Offering.

5.3 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 12 “Corporate information and description of the share capital” below for a more detailed description of the Shares.

5.4 Settlement

The payment date for the Private Placement was 8 February 2017 and the share capital increase pertaining to the Private Placement was registered in the Norwegian Register of Business Enterprises on 10 February 2017. Following such registration, the New Shares were delivered to the subscribers on 13 February 2017 and, was registered electronically in book entry form in the VPS on a separate interim ISIN, being ISIN NO 001 0782600. The New Shares were listed on Merkur Market on 14 February 2017 under the ticker code REACH-ME. Following the publication of this Prospectus, the Private Placement Shares will assume the Company's ordinary ISIN (NO0003117202) and be listed on Oslo Børs.

5.5 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”) NO 001 0782600.

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).

5.6 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 Shares are freely transferable and the holders of the Shares have no pre-emptive rights in connection with the transfer of Shares.

5.7 Admission to trading

Trading in the New Shares on the Oslo Stock Exchange is expected to commence under the trading symbol “REACH” as soon as possible after publication of this Prospectus. The New Shares are currently listed on a temporary basis on Merkur Market, pending the publication of this Prospectus.

5.8 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 6 million (including the subsequent repair offering). 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 are estimated to amount to approximately NOK 79 million.

5.9 Managers and advisors

Arctic Securities AS and Clarksons Platou Securities AS acted as Managers in connection with the Private Placement. Advokatfirmaet Schjødt AS (Norwegian law) is acting as legal adviser to the Company.

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

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

The Managers have received a commission in connection with the Private Placement (including the subsequent repair offering), and, as such, had an interest in the Private Placement.

5.11 Dilution

The issuance of the New Shares in the Private Placement resulted in an immediate dilution of approximately 35% for shareholders who did not participate in the Private Placement.

6 THE SUBSEQUENT OFFERING

6.1 Background

The Subsequent Offering consists of an offer by the Company to issue 6,399,070 Offer Shares at a subscription price of NOK 1.75 per share, thereby raising gross proceeds of approximately NOK 11.2 million. The Company intends to use the proceeds for general corporate purposes as well as new opportunities that may arise, such as acquisition of ROVs and associated equipment and working capital for mobilization of potential new subsea spreads (vessel, ROVs and equipment).

6.2 Key dates

The below timetable sets out certain key dates for the Subsequent Offering:

Last day of trading in the Shares incl. Subscription Rights	12 January 2017
First day of trading in the Shares excl. Subscription Rights	13 January 2017
Record Date	16 January 2017
Start of Subscription Period	27 February 2017
End of Subscription Period	10 March 2017
Allocation letters and payment instructions distributed to subscribers	14 March 2017
Payment Date for the Offer Shares	17 March 2017
Registration of share capital increase	On or about 22 March 2017
Listing and first day of trading of the Offer Shares on Oslo Børs	On or about 23 March 2017

6.3 Resolution regarding the Subsequent Offering

On 7 February 2017, the EGM granted the Board of Directors with the following authorisation:

- "The Board is authorized to increase the Company's share capital by up to NOK 8,571,500 by issuing up to 8,571,500 new shares, each with a nominal value NOK 1."*
- Subscription price shall be NOK 1.75 per share.*
- Existing shareholders' right to subscribe for new shares pursuant to section 10-4 of the Norwegian Public Limited Liabilities Act, cf. section 10-5, may be waived by the Board.*
- The authorization applies only to share capital increase through cash payment.*
- The authorization shall only be used for the implementation of a subsequent offering as described in the EGM, and on such terms as otherwise determined by the Board.*
- The authorization is valid until 30 June 2017.*
- This authorization does not replace previous authorization.*
- The Board is given authorization to amend section 2 in the Company's articles of association to reflect the new number of shares and the new share capital subsequent to the share capital increase."*

In order to allocate shares to the Eligible Shareholders in accordance with the terms and purpose of the Subsequent Offering, it was necessary to waive the shareholders' preferential rights.

6.4 Eligible shareholders and Record Date

The Company will issue subscription rights to shareholders in the Company, as of 12 January 2017, as registered with the VPS two trading days thereafter (the "**Record Date**"), who were not invited to participate, or applied for but were not allocated shares, in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or (for jurisdictions other than Norway) would require any prospectus, filing, registration or similar action, and who are not employees in Reach Subsea AS ("**Eligible Shareholders**"). The Board of Directors will consider proposing an employee option program to the AGM in order to compensate employee shareholders that will not be allocated Subscription Rights in the Subsequent Offering.

One subscription right will grant the right to subscribe for one (1) Offer Share. The subscription rights will be distributed free of charge, and the recipient of subscription rights will not be debited any cost. The Subscription Rights will be registered in each Eligible Shareholders' VPS account on or about 27 February 2017.

No fractional offer Shares will be issued. Fractions will not be compensated, and all fractions will be rounded down to the nearest integer that provides issue of whole numbers of said securities to each participant.

Subscription Rights of shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares ("**Ineligible Jurisdiction**") will initially be credited to such persons' ("**Ineligible Shareholders**") VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders. The Company will instruct the Managers, as far as possible, to withdraw the Subscription Rights from such Ineligible Shareholder's VPS accounts. If the relevant Ineligible Shareholder by 16:30 CET on 10 March 2017 documents to the Company a right to receiving the Subscription Rights withdrawn from its VPS account, the Managers will re-credit the withdrawn Subscription Rights to the VPS account of the relevant Ineligible Shareholder.

6.5 Subsequent Period

The Subscription Period in the Subsequent Offering will commence on 27 February 2017 and expire on 10 March 2017 at 16:30 CET. The Subscription Period may not be shortened nor extended.

6.6 Subscription Price

The subscription price for one (1) Offer Share is NOK 1.75 (the "**Subscription Price**"). The Subscription Price is equal to the subscription price in the Private Placement. The Subscribers will not incur any costs related to the subscription for, or allotment of, the Offer Shares.

6.7 Subscription procedures and Subscription office

Subscriptions for Offer Shares must be made on a Subscription Form attached as Appendix B hereto.

Subscribers who are Norwegian citizens may also subscribe for Offer Shares by following the link on www.arctic.com or <http://securities.clarksons.com> which will redirect the subscriber to the VPS online subscription system. In order to use the online subscription system, the subscriber must have, or obtain, a VPS account number. All online subscribers must verify that they are Norwegian citizens by entering their national identity number (Norwegian: "*personnummer*").

Online subscriptions must be submitted, and accurately completed Subscription Forms must be received by the Managers by 16:30 CET on 10 March 2017. Neither the Company nor the Managers may be held responsible for postal delays, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Managers. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the subscriber.

Properly completed and signed Subscription Forms may be, mailed or delivered to one of the Managers at the addresses set out below:

Arctic Securities AS
Haakon VIIs gt 5, P.O. Box 1833 Vika
0123 Oslo, Norway
E-mail: subscription@arctic.com

Clarksons Platou Securities AS
Munkedamsveien 62C
0270 Oslo, Norway
E-mail: ecm.oslo@clarksons.com

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Managers. The subscriber is responsible for the correctness of the information filled into the Subscription Form. By signing and submitting a Subscription Form, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Over-subscription (i.e., subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) and subscription without subscription rights is not permitted.

Multiple subscriptions (i.e., subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription

Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

The Company is not aware of whether any members of the Company's Management or Board of Directors intend to subscribe for Offer Shares in the Subsequent Offering, or whether any person intends to subscribe for more than 5% of the Offer Shares, however such persons may receive Subscription Rights if they are Eligible Shareholders.

6.8 Financial intermediaries

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e., brokers, custodians and nominees) should read this section. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares or Subscription Rights are held.

6.8.1 Subscription Rights

If an Eligible Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

Ineligible Shareholders holding their Shares through a financial intermediary will not be entitled to exercise their Subscription Rights.

6.8.2 Subscription Period

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadline will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

6.8.3 Subscription

Any shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the s of their exercise instructions.

6.8.4 Method of Payment

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in this Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Manager in accordance with section 6.10 "Payment for the Offer Shares" no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

6.9 Allocation

Allotment of the Offer Shares is expected to take place on or about 14 March 2017.

Allocation will be made on the basis of Subscription Rights.

General information regarding the result of the Subsequent Offering is expected to be published on or about 14 March 2017 in the form of a stock exchange release through www.newsweb.no.

All Subscribers being allotted Offer Shares will receive a letter from the Managers confirming the number of Offer Shares allotted to the Subscriber and the corresponding amount which will be debited the Subscriber's account. This

letter is expected to be mailed on or about 14 March 2017. Investors with access to VPS Investor Services will also be able to see their allocated Offer Shares through such service.

6.10 Payment for the Offer Shares

The payment for Offer Shares allocated to a subscriber falls due on 17 March 2017 (the “**Payment Date**”). Payment must be made in accordance with the requirements set out below.

6.10.1 Subscribers who have a Norwegian Bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Managers with a one-time irrevocable authorization to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Managers are only authorized to debit such account once, but reserves the right to make up to three debit attempts, and the authorization will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorizes the Managers to obtain confirmation from the subscriber’s bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber’s bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorization from the subscriber, the subscriber’s obligation to pay for the Offer Shares will be deemed overdue. If payment for the allotted Offer Shares is not received when due, the Offer Shares will not be delivered to the Subscriber, and the Board reserves the right, at the risk and cost of the Subscriber, to cancel the subscription in respect of the Offer Shares for which payment has not been made, or to sell or otherwise dispose of the Offer Shares, and hold the Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber’s bank, the standard terms and conditions for “Payment by Direct Debiting – Securities Trading”, which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who subscribe for an amount exceeding NOK 5 million by signing the Subscription Form provide the Managers with a one-time irrevocable authorization to directly debit the specified bank account for the entire subscription amount.

6.10.2 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact one of the Managers for further details and instructions.

6.10.3 Overdue payments

Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Public Limited Companies Act and at the discretion of the Manager, not be delivered to the subscriber.

6.11 Publication of information relating to the Subsequent Offering

Publication of information related to any changes in the Subsequent Offering and the amount subscribed, will be published on www.newsweb.no under the Company’s ticker “REACH”, and will also be available on the Company’s website www.reachsubsea.com. The announcement regarding the amount subscribed is expected to be made on or about 14 March 2017.

6.12 Delivery and listing of the Shares

All Subscribers subscribing for Offer Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares. Assuming that payments from all Subscribers are made when due, it is expected that the share capital increase will be registered in the

Norwegian Register of Business Enterprises on or about 22 March February 2017 and that the delivery of the Offer Shares will take place on or about 23 March 2017. The final deadline for registration of the share capital increase pertaining to the Subsequent Offering in the Norwegian Register of Business Enterprises, and hence for the subsequent delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period (i.e., 10 June 2017).

The Offer Shares will be issued in accordance with the Norwegian Public Limited Liability Companies Act and registered electronically in book-entry form with VPS under ISIN NO NO0003117202.

All of the Offer Shares will be object for an application for admission to trading on Oslo Børs. The Shares will not be sought or admitted to trading on any other regulated market than Oslo Børs.

6.13 Transferability of the Offer Shares

The Offer Shares may not be transferred or traded before they are fully paid, the share capital increase has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. The Offer Shares are expected to be delivered to the Subscribers' VPS accounts on or about 23 March 2017.

6.14 Expenses and net proceeds

Transaction costs and all other directly attributable costs in connection with the Subsequent Offering that will be borne by the Company are estimated to approximately NOK 1 million, thus resulting in net proceeds of approximately NOK 10.2 million.

6.15 Dilution

The immediate dilutive effect for the Company's shareholders who do not participate in the Subsequent Offering is approximately 4.5%.

6.16 Shareholders' rights relating Offer Shares

The rights attached to the Offer Shares will be the same as those attached to the Company's existing Shares. The Offer Shares will be issued electronically and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the issuance of the Offer Shares are registered in the Norwegian Register of Business Enterprises. The holders of the Offer Shares will be entitled to dividend from and including the date of registration of the share capital increase in the Norwegian Register of Business Enterprises. The Offer Shares shall be listed on Oslo Børs following the registration of the share capital increase and delivery to the subscribers.

Please see section 12 on more details regarding shareholding in a Norwegian Public Limited Company.

6.17 Interest of natural and legal persons

The Managers 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 Managers, its employees and any affiliate may currently own existing Shares in the Company. 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.

The Managers will receive a success fee of 5% of the gross proceeds raised in the Subsequent Offering and, as such, have an interest in the Subsequent Offering.

Other than what is set out above, there are no other interests (including conflict of interests) of natural and legal persons involved in the Subsequent Offering.

6.18 Managers and advisors

The Managers for the Subsequent Offering are Arctic Securities AS and Clarksons Platou Securities AS. Advokatfirmaet Schjødt AS is acting as legal advisor to the Company.

7 BUSINESS OVERVIEW

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

7.1 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

7.2 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 first half of 2016, oil companies remain focused on cost cutting and are cautious regarding sanctioning and spending for new offshore projects. 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.

As such sanctioning of new subsea projects remains slow. The economics in new subsea projects will for the subsea contractors probably remain low due to current overcapacity, expected fleet growth, and limited 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.

7.3 Subsea market

7.3.1 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, geophysical surveys, 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, heave compensated cranes on deck with up to a 400 metric ton 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 meters 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 the 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 oil market show signs to stabilize on the back of an increase in oil price from levels seen in first half of 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 over a longer time period and at a higher level.

7.4 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.

7.5 The Renewables market

The market within renewables is mainly related to offshore wind farms. Revenues from this segment have grown to almost 40% of the Group's total revenues.

There are 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 is estimated at approximately €5bn. Sandbank and Borkum Riffgrund I also have 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.

This market is less impacted by the oil price as several European countries have 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.

8 BUSINESS OF THE GROUP

8.1 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 June 2014 and has been contracted with Dof Subsea from delivery until June 2016.

The Company has steadily grown its revenues from NOK 63 million in 2013, to NOK 311 million in 2014, NOK 634 million in 2015, before it declined to NOK 327 million in 2016.

8.2 History and important events

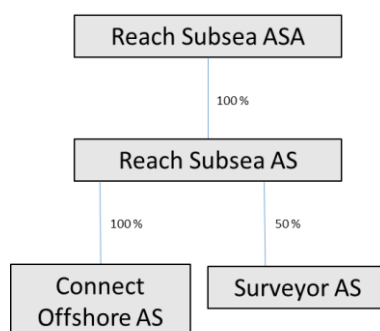
The Company has a long history as a legal entity. The table below provides an overview of key events in the history of the Company.

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 June 2014. The Company had its first full year of operations as a subsea company in 2014.

8.3 Legal structure of the Group

The Company is the holding company of the wholly-owned subsidiaries Reach Subsea AS and Connect Offshore AS. In addition, the Company owns 50% of Surveyor AS, which owns the new innovative survey ROV Surveyor Interceptor.



8.4 Description of the companies in the Group

8.4.1 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 Garpeskjærvegen 2, 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 subsidiaries Reach Subsea AS and Connect Offshore AS. The commercial names of the Company are either “Reach” or “Reach Subsea”.

8.4.2 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 Garpeskjærvegen 2, N-5527 Haugesund, Norway, with telephone number +47 40 00 77 10.

8.4.3 Connect Offshore AS

The Group established Connect Offshore AS in 2016 in order to better control the insourcing of key offshore contracting personnel. Connect Offshore's business model is to hire out competent personnel for offshore operations, primarily to cover Reach Subsea's seasonal and project requirements, but also to third party clients.

Connect Offshore 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 916 909 683. The Company was incorporated on 4 March 2016 by Reach Subsea ASA (registration number 922 493 626, Garpeskjærvegen 2, 5527 Haugesund, Norway). The Company has its registered address at Garpeskjærvegen 2, N-5527 Haugesund, Norway, with telephone number +47 40 00 77 10.

8.5 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 3 vessels on long term charter and 2 vessels in cooperation with others (Stril Explorer is on a charter agreement between owners Møkster and MMT Sweden AB ("MMT"), but as the Company has a ROV onboard the vessel is marketed and operated in close cooperation with MMT. Viking Neptune is owned and operated by Eidesvik Offshore ASA, with two Reach ROVs onboard operated by Reach). The end clients are mainly top tier oil and gas companies as well as renewables companies. The ROVs perform a multitude of subsea tasks like installation, maintenance, repair, inspection, decommissioning and survey.
3. Product development. The Group has developed the new ROV system, Surveyor, together with MMT and Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines at a much higher speed and with a better quality of data than the existing Work ROV systems. This project was sponsored by 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 no new product development is currently 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 built subsea vessels, although other type of vessels can also be used.

Projects which includes repair, maintenance, construction, installation or decommissioning have to be well planned. The engineering and consultancy services in 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 mainly takes 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 74% of the revenues. However, cable and wind has been growing from 5 % of total revenues in 2014 to 26% of revenues in 2016. 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 is expected to be approximately the same for 2017.

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

8.6 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 to the major subsea contractors and/or directly to the end clients. The core business of the group is based on first class work ROVs operated by highly qualified offshore personnel, and supported by competent onshore engineering resources.

Strong operational performance and solid track record has been key to secure new contracts in a declining market. This, coupled with proven systems and a flexible organization, will be paramount in order to reach the 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 on the supply side 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.

The Group more than doubled its revenues from 2014 to 2015, while the reduction in 2016 was largely due to reorganization of the charter structure for Viking Neptun. During 2015, the Company acted as the counterpart in the Viking Neptun contract with Technip, meaning that the full revenue of the Viking Neptune spread (vessel, ROVs, equipment and personnel) went through the Company's financial statement. From November 2015, when the Viking Neptune spread relocated from the North Sea to West Africa, Eidesvik Offshore replaced the Company as the counterpart in the contract, thus removing the vessel element of the contract revenues from the Company's financial statement.

8.7 Competent and experienced Management

The Company's management has broad experience from the subsea sector. Please refer to Section 11.4 «Management» for further details.

8.8 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 seabed 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 subsea contractors are outsourcing the ROV related work. That work is often coupled with non-complex engineering and planning to support the ROV operation.

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.

8.8.1 Construction and installation (I&C)



- The Company is a subcontractor to assist the major EPIC subsea 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 the only alternative to inspection work of the seabed and pipes at the seabed.
- 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.

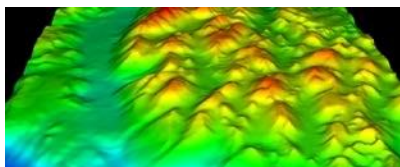
8.8.2 Inspection, maintenance and repair (IMR)



- 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 in order for the oil companies to maintain today's production levels.

8.8.3 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.

8.8.4 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 7.5 (the “Renewables market”) for a general assessment of this particular market.

8.9 The Group’s strategy

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

8.9.1 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

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

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

8.9.3 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

8.9.4 Asset base

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

8.10 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 and 2016, were 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 alternative vessels are not available at competitive charter hire rates:

- 1) The New Edda Fonn CP
- 2) The New Normand Reach CP
- 3) The Havila Subsea CP

The New Edda Fonn CP was entered into between Reach Subsea AS and West Supply Operations II AS on May 1, 2016 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 2016/2017. 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 Havila Subsea CP between Reach Subsea AS and Havila Shipping ASA was entered into on January 23, 2017 and expires January 23, 2020. The CP also includes extension options, at Reach Subsea's discretion, for 2 x 1 years. The daily rate is dependent on the operational status of the vessel, such that the Company will pay a base rate only when the vessel is in operation, and no rate when the vessel is not operational or laid up. 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 base rate.

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.

8.11 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 extension options for up to a total of 15 years. The head office is located in Garpeskjærvegen 2, 5527 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 for 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.

8.12 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.

8.13 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.

9 DIVIDENDS AND DIVIDEND POLICY

9.1 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 9.2 “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.

9.2 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 13 “Norwegian Taxation”.

9.3 Dividend per share in Reach Subsea

The Company has not paid any dividends since it embarked on the new strategy through the acquisition of Reach Subsea AS in 2012.

10 CAPITAL RESOURCES

10.1 Capitalisation

10.1.1 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 3.2 million and positive NOK 26.4 million for the years 2016 and 2015, respectively. The decrease in operating cash flows was primarily due to an increase in net working capital (including a negative NOK 10 million one-off effect of the restructuring of charter commitments for Normand Reach and Edda Fonn in May/June 2016) as well as challenging market conditions, but was also impacted by transit periods and docking in the first quarter.

Investing Cash Flows

Net cash flow from investing activities was negative NOK 1.3 million and negative NOK 74.6 million for 2016 and 2015, respectively. The decrease was due to the fact that no major investments in any fixed assets was made in 2016. The cash flows figures from investments financed through leasing debt are presented gross, i.e. as investment is assets/new debt.

Financing Cash Flows

Net cash flow from financing activities was negative NOK 19.3 million and positive NOK 42.9 million for the year ended 31 December 2016 and 2015, respectively. The decrease was primarily due to repayment of long term borrowings in 2016 versus proceeds from borrowings in 2015. The cash flows figures from new leasing debt are gross, i.e. as investment is assets/new debt.

Cash Position

As of 31 December 2016, cash and cash equivalents amounted to NOK 30.6 million. Available liquidity, including NOK 10 million in unutilized credit facility amounted to NOK 40.6 million, which was deemed satisfactory by the Company at the time. Receivables (excluding the current part of capitalized termination fee) were at the same time NOK 76.2 million, while total non-interest bearing current liabilities were NOK 50.4 million. The credit facility was closed 01.01.2017.

As of the date of the Prospectus, the Group has approximately NOK 93.6 million of liquid resources.

There are 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

As per 31.12.2016 the Group has a NOK 26.5 million loan with its main bank. The loan is secured by mortgages on the two ROV vessels Supporter 7 and Supporter 10. The loan 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 100 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 for that relevant covenant.

Borrowings – Leasing Agreements with Sparebank 1 SR-Bank ASA and Brage Finans AS

As per 31.12.2016 the Group has a total of NOK 58.9 million outstanding in lease facilities with SpareBank 1 SR Finans and Brage Finans. Standard terms and conditions apply. The leasing facility amount does not include the loan facility from SpareBank 1 SR-Bank (as listed above).

Total debt to financial institutions (leasing and loan) is NOK 85.2 million.

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 Private Placement, and considering the effect of the new charter hire agreements mentioned in 8.10, 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. In 2016 Net cash outflow from investing activities was NOK 1.3 million (ROV equipment).

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

(NOK 1,000)	2016	2015	2014
Investment in equipment	1,314	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	1,314	74,615	33,824

The investments in equipment can further be split as follows:

(NOK 1,000)	2016	2015	2014
ROV & ROV equipment	1,314	6,883	19,753
ROV & ROV equipment leased		58,960	4,386
Equipment and office machinery		130	1,265
	1,314	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 Neptune.

The Company made limited new investments in 2016 (NOK 1.3 million). The Company made no new investments from 31 December 2016 and up to and including the date of this Prospectus. The Company has no committed capital expenditure related to new investments for 2017 and onwards. Proceeds from the Private Placements will be utilized for general corporate purposes as well as new opportunities that may arise, such as acquisition of ROVs and associated equipment and working capital for mobilization of potential new subsea spreads (vessel, ROVs and equipment).

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

10.1.2 Capitalisation and indebtedness

The information presented below should be read in conjunction with the other parts of the Prospectus, in particular section 10.2 Selected consolidated financial data and other information, section 10.4 Historical financial information and summary of accounting policies, section 10.6 Selected consolidated financial information and the Financial Statements as of 31 December 2016, 2015 and 2014 and the notes related thereto incorporated by reference thereto (included in section 15.6 *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 December 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 December 2016:

Except for the effect of the NOK 85 million Private Placement, there has been no material changes to the Group's unaudited consolidated capitalisation and net financial indebtedness as at 31 December 2016. As a result of the transaction the Company's share capital will be NOK 139.850.965 consisting of 139.850.965 shares, each with a par value of NOK 1. The subsequent repair offering may increase the number of shares with maximum 6,399,070 to maximum 146,250,035, each with a par value of NOK 1.

10.1.2.1 Capitalisation

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

In NOK millions	As of 31 December 2016	Adjusted for the NOK 85 million Private Placement
Total current debt	71.4	71.4
- Guaranteed	-	-
- Secured*	21.0	21.0
- Unguaranteed / unsecured	50.4	50.4
Total non-current debt (excluding current portion of long-term debt)	64.2	64.2
- Guaranteed	-	-
- Secured	64.2	64.2
- Unguaranteed / unsecured	-	-
Shareholder's equity	162.9	241.9
a. Share capital	91.2	139.9
b. Legal reserves	80.9	111.2
c. Other reserves	-9.2	-9.2
Total	298.6	377.6

*The Company has granted security in receivables, equipment, inventory and shares in Surveyor AS. Estimated transaction cost related to the Private Placement is NOK 6 million (including the subsequent offering). The column to the right illustrates how the figures would be presented after including net proceeds from the Private Placement.

10.1.2.2 Net financial indebtedness

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

In NOK millions	As of 31 December 2016	Adjusted for the NOK 85 million Private Placement
(A) Cash	30.6	109.6
(B) Cash equivalent	-	-
(C) Trading securities	-	-
(D) Liquidity (A)+(B)+(C)	30.6	109.6
(E) Current financial receivables	-	-
(F) Current bank debt	-	-
(G) Current portion of non-current debt	21.0	21.0
(H) Other current financial debt	-	-
(I) Current financial debt (F)+(G)+(H)	21.0	21.0
(J) Net current financial indebtedness (I)-(E)-(D)	-9.6	-88.6
(K) Non-current bank loans	64.2	64.2
(L) Bonds issued	-	-
(M) Other non-current loans	-	-
(N) Non-current financial indebtedness (K)+(L)+(M)	64.2	64.2
(O) Net financial indebtedness (J)+(N)	54.6	-24.4

* The column to the right illustrates how the figures would be presented after including net proceeds from the Private Placement.

10.1.3 Working capital statement

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

10.1.4 Contingent and indirect indebtedness

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

10.2 Selected consolidated financial data and other information

10.3 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 consolidated financial statement as of 2016, as incorporated by reference in this Prospectus, see Section 15.6 "Incorporation by reference" below.

10.4 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 reports, are incorporated by reference hereto, see Section 15.6 "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 31 December 2016 are incorporated by reference hereto (see Section 15.6 "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 15.4.1

10.5 No significant change

Except for the Private Placement (see Section 5 "The Private Placement"), there have been no significant changes in the financial or trading position of the Group since 31 December 2016 to the date of this Prospectus.

10.6 Selected consolidated financial information

The following tables present selected consolidated financial information for the Company as of, and for the years ended, 31 December 2016, 2015 and 2014, and for the three months ended 31 December 2016 and 2015, and as of 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 for the year ended 31 December 2016, and for the three months ended 31 December 2016 and 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.

10.6.1 Condensed consolidated income statement

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

Income statement (in NOK '000)	Note	2016	2015	2016	2015	2014
		01.10-31.12 unaudited	01.10-31.12 unaudited	01.01-31.12 unaudited	01.01-31.12 unaudited*)	01.01-31.12 unaudited*)
Operating income		66 052	135 589	327 493	634 369	311 050
Other operating income		0	0	0	0	100
Total operating income		66 052	135 589	327 493	634 369	311 150
Operating expenses		-55 532	-124 801	-302 429	-599 981	-276 455
EBITDA before amortized termination fee		10 521	10 788	25 064	34 388	34 695
Amortized termination fee		-7 267	-	-14 529	0	0
EBITDA after amortized termination fee		3 254	10 788	10 535	34 388	34 695
Depreciation	3	-6 254	-6 255	-24 814	-23 030	-13 675
Operating result (EBIT)		-3 000	4 533	-14 279	11 358	21 020
Net financial items		-1 654	373	-7 376	-2 790	3 870
Net result from affiliated companies		-955	-4 104	-1 557	-7 173	-59
Profit (loss) before taxes		-5 610	800	-23 212	1 394	24 831
Taxes	9	0	0	0	0	0
Profit (loss)		-5 610	800	-23 212	1 394	24 831
Comprehensive income						
Gain/loss on financial derivatives and cash flow hedges		0	-	0	1 268	-1 268
Comprehensive income items		0	-	0	1 268	-1 268
Total comprehensive income		-5 610	800	-23 212	2 663	23 563
Earnings per share		-0,06	0,01	-0,28	0,02	0,31
Diluted earnings per share		-0,06	0,01	-0,28	0,02	0,31

*) Change of APM (EBITDA after amortized termination fee) was done after the audit of accounts in 2014 and 2015

Non-IFRS financial measures

We use Non-IFRS financial measures (or alternative performance measures) as supplemental indicators of our operating performance and financial position. These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. The Non-IFRS measures and their components relates to past reporting periods. The following table sets forth our Non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance.

How we define it	Why we use it and why is it useful to investors	Most directly comparable IFRS measure / reconciliation
EBITDA - before amortized termination fee	Provides a basis to evaluate operating profitability and performance trends, excluding the impact of items which distort the performance of our operations.	Operating result
EBITDA - after amortized termination fee	Provides a measure commonly reported and widely used by investors as an indicator of the Company's operating performance and as a valuation metric. Furthermore this measure is used to assess our ability to incur and service debt.	Operating result
EBIT	Another way for the Company to define Operating result.	Operating result

Reconciliation of Non-IFRS performance measures to our financial statements

Reconciliations for the most directly comparable IFRS measures are presented in the table below.

(in NOK '000)	2016	2015	2016	2015	2014
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12	01.01-31.12
Operating result (or EBIT)	-3 000	4 533	-14 279	11 358	21 020
<i>Depreciation</i>	-6 254	-6 255	-24 814	-23 030	-13 675
EBITDA after amortized termination fee	3 254	10 788	10 535	34 388	34 695
<i>Amortized termination fee</i>	-7 267	0	-14 529	0	0
EBITDA before amortized termination fee	10 521	10 788	25 064	34 388	34 695

Segment information:

The business is divided into two segments; «Oil and gas (includes survey and IMR projects for oil companies)» and «Renewables and other (includes survey and IMR projects within offshore wind, tidalenergy, subsea mining and seabed exploration)».

	2016 01.10-31.12	2015 01.10-31.12	2016 01.01-31.12
Revenue			
Oil & Gas	20 583	86 428	202 461
Renewable / other	45 469	49 161	125 032
Total	66 052	135 589	327 493
Operating expense			
Oil & Gas	15 904	81 641	185 911
Renewable / other	39 627	43 160	116 518
Total	55 531	124 801	302 429
EBITDA before amortized termination fee			
Oil & Gas	4 679	4 787	16 550
Renewable / other	5 842	6 001	8 514
Total	10 521	10 788	25 064

10.6.2 Condensed consolidated statement of financial position

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

Consolidated balance sheet (in NOK 000)	Note	2016 31.12. <i>unaudited</i>	2015 31.12. <i>audited</i>	2014 31.12. <i>audited</i>
Non-current assets				
Deferred tax assets	9	8 161	8 161	8 161
Investment in associated companies		5 272	6 829	5 361
Property, plant and equipment	3	116 916	140 415	97 473
Other long term receivables	6	33 000	53 000	53 000
Total non-current assets		163 349	208 405	163 995
Current assets				
Trade and other receivables	6	104 654	76 478	39 221
Cash and cash equivalents		30 586	54 370	59 746
Total current assets		135 240	130 848	98 967
Total assets		298 590	339 253	262 962
Equity				
Share capital	7	91 241	76 241	76 241
Share premium		80 919	67 806	67 806
Other equity	8	-9 211	13 397	10 130
Total equity		162 949	157 444	154 177
Non-current liabilities				
Interest-bearing debt	4	64 227	94 601	59 518
Total non-current liabilities		64 227	94 601	59 518
Current liabilities				
Current portion of interest-bearing debt	4	21 000	18 000	10 200
Other current liabilities		50 414	69 208	37 799
Derivatives		0	0	1 268
Total current liabilities		71 414	87 208	49 267
Total liabilities		135 641	181 809	108 785
Total equity and liabilities		298 590	339 253	262 962

10.6.3 Condensed consolidated statement of cash flow

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

	2016	2015	2014
	01.01-31.12	01.01-31.12	31.12.
Cash flow statement	<i>unaudited</i>	<i>audited</i>	<i>audited</i>
Cash flow from operating activities			
Profit (loss) before tax	-23 212	1 394	24 831
Net result from affiliated companies	1 557	7 173	59
Depreciation	24 814	23 030	13 675
Change in trade debtors	-567	-40 929	-12 744
Change in trade creditors	-9 309	12 166	26 843
Change in other provisions	2 905	22 916	-6 759
Share option cost employees	604	604	686
Net cash flow from operating activities	-3 208	26 353	46 591
Cash flow from investing activities			
Purchase of fixed assets	-1 314	-65 973	-25 404
Purchase of shares in associated companies	0	-8 642	-5 420
Guarantee Charterparty	0	0	-3 000
Net cash flow from investing activities	-1 314	-74 615	-33 824
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	8 113	0	1 033
Proceeds from borrowings	0	42 883	
Repayment of long term loans	-27 374	0	-7 772
Net cash flow from financing activities	-19 261	42 883	-6 739
Net change in cash and cash equivalents	-23 784	-5 379	6 029
Cash and cash equivalents in the start of the period	54 370	59 746	53 718
Cash and cash equivalents in the end of the period	30 586	54 370	59 746

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

(NOK 1000)

Equity	Share capital and share premium	Other equity	Total equity
Equity 31.12.15	144 047	13 397	157 444
Capital increase	30 000	0	30 000
Share issue cost	-1 887		-1 887
IFRS 2 Option based salary	0	604	604
Result for the period	0	-23 212	-23 212
Equity 31.12.16	172 160	-9 211	162 949

	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
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
Equity 31 December 2014	76 241	67 806	2 315	7 816	154 177

11 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

11.1 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 organization, 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.

11.2 Board of Directors

11.2.1 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, Garpeskjærvegen 2, N-5527 Haugesund, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

11.2.2 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
Anders Onarheim	Vice chairman of the Board	28 November 2012	2018
Sverre B. Mikkelsen	Board member	28 November 2012	2018
Martha Kold Bakkevig	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 prior to joining Reach Subsea he 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 7,564,589 Shares in the Company (equal to 5.4% 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), 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), JOSO Invest II AS (chairman of the board of directors), Reach Subsea 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).

Anders Onarheim (born 1959), Vice chairman of the Board

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 922,147 Shares (0.7%) in the Company through his wholly-owned company AB Investment AS. He also beneficially owns 26.4% of the shares in Accello Partners I AS, which again owns 28.7% of the Shares in the Company.

Current directorships and senior management positions AB Investment AS (chairman of the board of directors), Eks Invest AS (chairman of the board of directors), Spitsbergen AS (CEO and chairman of the board of directors), Accello Partners I AS (member of the board of directors), Enklere Liv AS (member of the board of directors) Enklere Liv Holding AS (member of the board of directors) Liju Invest AS (chairman of the board of directors), North Advisors AS (chairman of the board of directors), North Energy Capital (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) , 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) and Ly Forsikring AS (member of 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/Acergy/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 376,250 Shares in the Company through his wholly-owned company Tyrihans Management AS (equal to 0.3% 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. In addition she also holds the position as Professor II at Stord/Haugesund University College. Her board experience is wide-ranging 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 867,175 Shares in the Company (equal to 0.6% of the Shares) through her partly owned company Kold Invest AS.

Current directorships and senior management positions Mfold Martha Kold Bakkevig (CEO), Kold Invest AS (chairman of the board of directors), Incus Investor ASA (member of the board of directors), Validé Invest AS (member of the board of directors) and Haugaland Kraft (member of the board of directors).

Previous directorships and senior management positions last five years Deepwell AS (CEO) Haugaland Kunnskapsark 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), Innovasjon Norge (member of the board of directors) and Stiftelsen Polytec (member of the board of directors)

Merete Haugli (born 1964), Board member

Merete Haugli has an extensive background from the financial sector, and a broad experience from serving as Director for numerous Boards. 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 Merete Haugli AS (member of the board of directors), Lorentzen & Stemoco AS (member of the board of directors) 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).

11.2.3 Remuneration and benefits

The Board's remuneration (NOK):

The Board's remuneration (NOK):				
Name	Position	2016	2015	2014
Kåre Johannes Lie	Chairman of the Board	250 000	250 000	250 000
Anders Onarheim	Vice Chairman of the Board	100 000	100 000	100 000
Martha K. Bakkevig	Board member	100 000	100 000	100 000
Merete Haugli	Board member	100 000	100 000	100 000
Sverre B. Mikkelsen	Board member	100 000	100 000	100 000

11.3 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 is 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.

11.4 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: Rune Lande (leader), Harald Eikesdal and Rachid Bendriss.

11.5 Management

11.5.1 Overview

The current Management of the Company is comprised of four 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 since
Jostein Alendal	Chief Executive Officer	2008
Birgitte Wendelbo Johansen	Chief Financial Officer	2012
Inge Grutle	Chief Operating Officer	2012
Bård Thuen Høgheim	Chief Commercial Officer	2015

The Company's registered business address, Reach Subsea ASA, Garpeskjærvegen 2, 5527 Haugesund, Norway, serves as c/o address for the members of the Management in relation to their employment with the Company.

11.5.2 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 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 (Høgskolen i Haugesund). Mr. Alendal is a Norwegian citizen with residence in Haugesund, Norway. Alendal holds 50,000 Shares in the Company personally and owns 5,529,539 Shares in the Company (equal to 4.0% of the Shares) through his partly owned company JT Invest AS.

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), Reach Subsea AS (chairman of the board of directors) and Surveyor AS (member 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 0.1% of the Shares).

Current directorships and senior management positions Reach Subsea AS (member of the board of directors), Connect Offshore AS (member of the board of directors), Dakki AS (member of the board of directors), Nordsjø ASA and Haugesund Rideklubb (chairman of the board of directors).

Previous directorships and senior management positions last five years None

Inge Grutle (born 1981), Chief Operating Officer

Mr. Grutle 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 Deep Ocean AS. Mr. Grutle is educated Master in Offshore and Subsea Engineering. He has worked within the subsea industry since 2002. Mr. Grutle is a Norwegian citizen with residence in Haugesund, Norway. Mr. Grutle owns 909,179 Shares in the Company (equal to 0.7% of the Shares) through his partly owned company Invicta Invest AS.

Current directorships and senior management positions Invicta Invest AS (Chairman of the board of directors).

Previous directorships and senior management positions last five years None

Bård Thuen Høgheim (born 1982), Chief Commercial Officer

Mr. Høgheim has 8 years of experience within offshore and shipping through positions held at RS Platou within subsea and renewables broking, and through financial analysis at Knutsen OAS Shipping. He holds a Master of Science in Finance from Imperial College, London. Mr. Høgheim is a Norwegian citizen with residence in Haugesund, Norway. Mr Høgheim owns 270,625 Shares in the Company (equal to 0.2% of the Shares).

Current directorships and senior management positions Fres Finans AS (Chairman of the board of directors).

Previous directorships and senior management positions last five years None

11.5.3 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 thousands).

	2016	Salary	Pension expenses	Other comp.	Share options
Managing Director CEO		1212	66	4	
CFO		894	51	4	
COO		901	52	4	
CCO		864	49	2	
Total		3871	218	14	0
	2015	Salary	Pension expenses	Other comp.	Share options
Managing Director CEO		1210	82	24	73
CFO		857	62	19	53
COO		956	61	22	60
CCO		784	51	4	53
Total		3807	255,96	69	239
	2014	Salary	Pension expenses	Other comp.	Share options
Managing Director CEO		1160	52		146
CFO		850	37		119
COO		940	44		106
CCO		332	199		
Total		3282	332	0	371

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.

11.6 Pensions

Currently, the Group has a contribution (5 + 8 %) based pension plan for all its employees.

11.7 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.

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.

11.7.1 Potential conflicts of interests related to the Private Placement

The Private Placement was subscribed for by various stakeholders in the Company including the main shareholder North Energy/Accello Partners I AS and certain employees and shareholders. These stakeholders could have a direct economic interest that was dependent on the success of the offer.

² In April 2012, the NFSA withdrew the licenses 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.

11.8 Employees

As of the date of this Prospectus, the Group has 63 employees in Norway. Except for the CEO, CFO, COO and the CCO, which are 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 2016 on a project basis.

11.9 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 2017, 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.

11.10 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

11.11 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 2016 was NOK 6.8 million whereas the share of profit of this investment (accounted for using the equity method) was negative NOK 1.5 million.

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

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

12 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.

12.1 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 organization number 922 493 626. The Company's registered address is a Garpeskjærvegen 2, N-5527 Haugesund, Norway, with telephone number +47 40 00 77 10. The Company's website address is www.reachsubsea.com.

12.2 Stock exchange listing

The Shares have been listed on the Oslo Stock Exchange since 2003, 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. Note however that the New Shares are listed on Merkur Market on a temporary basis pending the publication of this Prospectus.

12.3 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 139,850,965, divided into 139,850,965 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 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 issued options 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.

The following table shows changes in the share capital for the period covered by the historical financial information, i.e. from 2014 and up until the date of this Prospectus:

Year	Type of change in share capital	Change in issued share capital (NOK)	Number of shares after change	Total issued share capital (NOK)
2014	Share capital increase	322,882	76,241,065	76,241,065
2016	Share capital increase/conversion of debt	15,000,000	91,241,065	91,241,065
2017	Share capital increase	48,609,900	139,850,965	139,850,965

With respect to the 632,011 options granted to employees, these had a strike price per share option of NOK 3.2, and they expired 12 September 2016. The options were granted to selected employees, including but not limited to the management of the company cf. section 11.4 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 3.0 per share. Please see section 12.7 last paragraph for further reference.

12.4 Major shareholders

The 20 largest shareholders in the Company as per 21 February 2017 were:

ACCELLO PARTNERS I A	40 109 711	28,7 %
EIKA NORGE	10 285 650	7,4 %
JOSO INVEST AS	7 564 589	5,4 %
JT INVEST AS	5 529 539	4,0 %
NORMAND DRIFT AS	5 000 000	3,6 %
STAFF-GRUPPEN AS	4 605 309	3,3 %
HOLME HOLDING AS	3 055 111	2,2 %
SKIPS AS TUDOR	2 857 100	2,0 %
UBS AG	2 424 600	1,7 %
CORUNA AS	2 097 877	1,5 %
TEOMAR AS	2 000 000	1,4 %
SKEISVOLL & CO AS	2 000 000	1,4 %
A-Å INVEST AS	1 874 975	1,3 %
GLUTEUS MEDIUS AS	1 698 517	1,2 %
SMS INVESTERING AS	1 652 366	1,2 %
MACAMA AS	1 578 446	1,1 %
TEM INVEST AS	1 250 000	0,9 %
CASTEL AS	1 248 517	0,9 %
BARBINVEST AS	1 248 517	0,9 %
LION INVEST AS	1 180 000	0,8 %

The holdings in the above table constitutes both the Company's existing shares registered with ISIN NO0003117202 (currently listed on Oslo Børs) and the New Shares registered with ISIN 001 0782600 (currently trading on Merkur Market).

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):

- Accello Partners I AS (28.7%)
- Eika Norge (7.4%)
- Joso Invest AS (5.4%)

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

12.5 Limitations on the right to own and transfer Shares

The Shares are, subject to local regulatory restrictions, 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.

12.6 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, representing approximately 3% of the share capital at the time.

The Company's prior share based incentive scheme for the employees, which was authorized by the annual general meeting in 2013, expired 12 September 2016. The board intends to provide a new share based incentive scheme to the employees, using the authorization granted at the annual general meeting in 2016.

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.

Authorisation in connection with the Subsequent Offering

Please refer to section 6.2.

12.7 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 12.7, and the expired options granted to certain employees as described in section 12.3 above. The Board of Directors will consider proposing an employee option program to the AGM in order to compensate employee shareholders that will not be allocated Subscription Rights in the Subsequent Offering. 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 3.0 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 a 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.

12.8 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.

12.9 The Articles of Association and certain aspects of Norwegian law

12.9.1 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 139,850,965, divided into 139,850,965 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 11.3 "Nomination committee" for further information.

Audit committee

The Company's audit committee consists of the Board of Directors as such. See Section 11.2 "Board committees" for further information.

12.9.2 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.

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.

12.10 Securities trading in Norway

12.10.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway.

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.

12.10.2 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.

12.10.3 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The 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.

12.10.4 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.

12.10.5 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in 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

12.10.6 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.

12.10.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which 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.

12.10.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

12.10.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a 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.

12.10.10 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.

12.10.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

13 NORWEGIAN TAXATION

The following is a brief summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of Shares by holders that are residents of Norway for purposes of Norwegian taxation (**resident or Norwegian shareholders**) and holders that are not residents of Norway for such purposes (**non-resident or foreign shareholders**).

The summary is based on applicable Norwegian laws, rules and regulations as at the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant and does not address taxation in any other jurisdiction than Norway.

The summary does not concern tax issues for the Company and the summary only focuses on the shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered transparent entities for tax purposes, for shareholders holding shares through a Norwegian permanent establishment and for shareholders that have ceased or cease to be resident in Norway for tax purposes.

Each shareholder, and specifically non-resident shareholders, should consult with and rely upon their own tax advisers to determine their particular tax consequences.

13.1 Taxation of dividends

13.1.1 Resident corporate shareholders

Dividends distributed from the Company to Norwegian corporate shareholders (i.e. limited liability companies and certain similar entities) are generally exempt from tax pursuant to the participation exemption method (Norwegian: "Fritaksmetoden"). However, 3% of such dividends are taxable as general income at a current rate of 24%, implying that dividends distributed from the Company to resident corporate shareholders are effectively taxed at a rate of 0.72%.

13.1.2 Resident personal shareholders

Dividends distributed from the Company to Norwegian personal shareholders are taxed as ordinary income at a current rate of 24% to the extent the dividends exceed a statutory tax-exempt allowance (Norwegian: "Skjermingsfradrag"). The tax basis is upward adjusted with a factor of 1.24 before taxation, implying that dividends exceeding the tax free allowance are effectively taxed at a rate of 29.76%.

The tax-exempt allowance is calculated and applied on a share-by-share basis. The allowance for each share equals the cost price of the share multiplied by a risk-free interest rate determined based on the interest rate on Norwegian treasury bills with three months maturity plus 0.5 percentage point, and adjusted downwards with the tax rate. The allowance one year is allocated to the shareholder owning the share on 31 December. Norwegian personal shareholders who transfer Shares during an income year will thus not be entitled to deduct any calculated allowance related to the transaction year. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year.

Any part of the calculated allowance one year exceeding distributed dividend on a Share (excess allowance) can be carried forward and set off against future dividends (or capital gains) on the same Share (but may not be set off against taxable dividends or capital gains on other Shares). Furthermore, for the purpose of calculating the allowance the following years, any excess allowance is added to the cost price of the share and thereby included in the basis for the calculation of allowance the following years.

13.1.3 Non-resident corporate shareholders

Dividends distributed from the Company to non-resident shareholders are in general subject to Norwegian withholding tax at a rate of currently 25%, unless otherwise provided for in an applicable tax treaty or the recipient is tax resident within the European Economic Area (the EEA) (ref. section 13.1.4 below for more information on the EEA exemption). Norway has entered into tax treaties with approximate 80 countries. In most tax treaties the withholding tax rate is reduced to 15% or lower.

In accordance with the present administrative system in Norway, the Company shall withhold tax at the regular rate or reduced rate according to an applicable tax treaty or the EEA exemption, based on the tax residency information registered with the VPS. Dividends paid to nominees will always be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for a reduced or zero rate from the Norwegian Central Office for Foreign Tax Affairs (Norwegian: "Sentralskattekontoret for utenlandssaker").

Shareholders, who have been subject to a higher withholding tax than applicable, may apply to the Central Office for Foreign Tax Affairs for a refund of the excess withholding tax.

If foreign shareholders are engaged in business activities in Norway, and their Shares are effectively connected with such business activities, dividends distributed on their Shares will generally be subject to the same taxation as that of Norwegian shareholders.

Foreign shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming refund of withholding tax.

13.1.4 Shareholders tax resident within the EEA

Dividends distributed from the Company to personal shareholders tax-resident within the EEA are upon request entitled to a deductible allowance. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in the applicable tax treaty or (ii) withholding tax at 25% after deduction of the tax-free allowance. Any excess allowance may be carried forward.

Dividends distributed from the Company to corporate shareholders tax resident within the EEA are exempt from Norwegian withholding tax, provided the shareholder is the beneficial owner of the Shares and genuinely established and performs genuine economic business activities within the EEA.

13.2 Taxation upon realization of shares

13.2.1 Resident corporate shareholders

For Norwegian corporate shareholders capital gains upon realization of Shares are generally exempt from tax. Losses are not deductible.

13.2.2 Resident personal Shareholders

For Norwegian personal shareholders capital gains upon realization of Shares are taxable as general income in the year of realization, and have a corresponding right to deduct losses that arise upon such realization. The tax liability applies irrespective of time of ownership and the number of Shares realized. The tax rate for general income is currently 24%. The tax basis is adjusted upward with a factor of 1.24 before taxation/deduction, implying an effective taxation at a rate of 29.76%.

The taxable gain or loss is calculated per Share as the difference between the consideration received and the cost price of the Share, including any costs incurred upon acquisition or realization of the Share. Any unused allowance on a Share (see above) may be set off against capital gains on the same Share, but will not lead to or increase a deductible loss. I.e. any unused allowance exceeding the capital gain upon realization of the Share will be annulled. Any unused allowance on one Share may not be set off against gains on other Shares.

If a shareholder disposes of Shares acquired at different times, the Shares that were first acquired will be deemed as first disposed (the FIFO-principle) when calculating a taxable gain or loss.

Special exit tax rules apply for resident personal shareholders that cease to be tax resident in Norway.

13.2.3 Non-resident shareholders

Gains from realization of Shares by non-resident shareholders will not be subject to taxation in Norway unless (i) the Shares are effectively connected with business activities carried out or managed in Norway, or (ii) the Shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax.

13.3 Right to subscribe for shares

The right to subscribe for Shares is not subject to Norwegian taxation. Costs related to subscription for Shares will be added to the cost price of the Shares.

13.4 Net wealth tax

Norwegian corporate shareholders are not subject to net wealth tax.

Norwegian personal shareholders are generally subject to net wealth taxation at a current rate of 0.85% on net wealth exceeding NOK 1,480,000. The Shares will be included in the net wealth with 90% of their listed value as of 1 January in the assessment year.

Non-resident shareholders are generally not subject to Norwegian net wealth tax, unless the Shares are held in connection with business activities carried out or managed from Norway.

13.5 Stamp duty / transfer tax

Norway does not impose any stamp duty or transfer tax on the transfer or issuance of Shares.

Norway does not impose any inheritance tax. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

13.6 The Company's responsibility for the withholding of taxes

The Company is responsible for and shall deduct, report and pay any applicable withholding tax to the Norwegian tax authorities.

14 SELLING AND TRANSFER RESTRICTIONS

14.1 General

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights and the offer of unsubscribed Offer Shares to persons' resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Eligible Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or subscribe for Offer Shares.

The Company does not intend to take any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an Eligible Shareholder receives a copy of this Prospectus in any territory other than Norway, the Eligible Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Eligible Shareholder in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an Eligible Shareholder receives a copy of this Prospectus, the Eligible Shareholder should not distribute or send the same, or Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Eligible Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Eligible Shareholder should direct the recipient's attention to the contents of this section 14.1.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Offer Shares being granted or offered, respectively, in the Subsequent Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States or any other jurisdiction in which it would not be permissible to offer the Offer Shares (the "Ineligible Jurisdictions"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction or a citizen of an Ineligible Jurisdiction (referred to as "Ineligible Persons") does not constitute an offer to such persons of the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If an Eligible Shareholder exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Offer Shares, that Eligible Shareholder will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (i) the Eligible Shareholder is not located in an Ineligible Jurisdiction;
- (ii) the Eligible Shareholder is not an Ineligible Person;
- (iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- (iv) the Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Shares, the Eligible Shareholder and any such person will be located outside the United States;
- (v) the Eligible Shareholder understands that the Offer Shares have not been and will not be registered under the US Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act; and
- (vi) the Eligible Shareholder may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company and any persons acting on behalf of the Company, including the Manager, will rely upon the Eligible Shareholder's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with

respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Offer Shares, the Eligible Shareholder must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section 14.1 is intended as a general overview only. If the Eligible Shareholder is in any doubt as to whether it is eligible to trade Subscription Rights or subscribe for, or purchase or sell, Offer Shares, that Eligible Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of shareholders who hold Shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering in or into any Ineligible Jurisdiction or to any Ineligible Persons. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, at its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Manager to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Manager, nor any of their respective representatives, is making any representation to any offeree, subscriber or recipient of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or recipient. Each Eligible Shareholder should consult its own advisers before subscribing for Offer Shares or purchasing Offer Shares. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares.

A further description of certain restrictions in relation to the Offer Shares in certain jurisdictions is set out below.

14.2 United States

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States. There will be no public offer of the Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid.

The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act. Any offering of the Offer Shares by the Company to be made in the United States will be made only to a limited number of “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) pursuant to an exemption from registration under the U.S. Securities Act who have executed and returned an U.S. investor letter to the Company prior to exercising their Subscription Rights. Prospective recipients are hereby notified that sellers of the Offer Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, this document will not be sent to any shareholder with a registered address in the United States. In addition, the Company and the Managers reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the Offer Shares.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of the Offer Shares within the United States by any dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the US Securities Act.

The Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Offer Shares are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Offer Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares, as the case may be, that:

- (i) it is a “qualified institutional buyer” as defined in Rule 144A under the U.S. Securities Act, and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and
- (ii) the Offer Shares have not been offered to it by the Company by means of any form of “general solicitation” or “general advertising” (within the meaning of Regulation D under the U.S. Securities Act).

Each person to which Offer Shares are distributed, offered or sold outside the United States will be deemed, by its subscription for Offer Shares or purchase of Offer Shares, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares or Offer Shares, as the case may be, that:

- (i) it is acquiring the Offer Shares from the Company or the Managers in an “offshore transaction” as defined in Regulation S under the US Securities Act; and
- (ii) the Offer Shares have not been offered to it by the Company or the Underwriters by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act.

14.3 EEA selling restrictions

In relation to each Member State of the EEA other than Norway, which has implemented the Prospectus Directive (each a “Relevant Member State”), with effect from and including the relevant implementation date, an offer to the public of any Offer Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made in that Relevant Member State, other than the Subsequent Offering in Norway as described in this Prospectus, once the Prospectus has been prepared and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time with effect from and including the relevant implementation date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to legal entities which are qualified investors as defined in the Prospectus Directive;
- (ii) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall require the Company or any Manager to publish a Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an Eligible Shareholder to decide to subscribe for any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

14.4 Notice to Australian eligible shareholders

This Prospectus is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the “Australian Corporations Act”), has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act.

Accordingly:

- a) the offer of the Offer Shares in Australia may only be made to persons who are "sophisticated Eligible Shareholders" (within the meaning of section 708(8) of the Australian Corporations Act) or to "professional Eligible Shareholders" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708(8) of the Australian Corporations Act, so that it is lawful to offer, or invite applications for, the Subscription Rights and Offer Shares without disclosure to persons under Chapter 6D of the Australian Corporations Act; and
- b) this Prospectus may only be made available in Australia to persons as set forth in clause (a) above.

If you acquire Offer Shares, then you (i) represent and warrant that you are a person to whom an offer of securities can be made without a disclosure document in accordance with subsections 708(8) or (11) of the Australian Corporations Act and (ii) agree not to sell or offer for sale any Offer Shares in Australia within 12 months after their issue to the offeree or invitee under this Prospectus, except in circumstances where disclosure to Eligible Shareholders under Chapter 6D would not be required under the Australian Corporations Act.

No person receiving a copy of this Prospectus and/or receiving a credit of Subscription Rights to an account in VPS with a bank or financial institution in Australia may treat the same as constituting an invitation or offer to such person.

14.5 Notice to Canadian shareholders

The Offer Shares have not been and will not be qualified by a prospectus for sale to the public in Canada under applicable Canadian securities laws, and accordingly, any offer or sale of Offer Shares in Canada must be made pursuant to an exemption from the applicable prospectus and registration requirements, and otherwise in compliance with applicable Canadian laws.

14.6 Notice to Hong Kong eligible shareholders

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Subsequent Offering. If you are in any doubt regarding any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus does not constitute an offer or sale in Hong Kong of the Offer Shares and no person may offer or sell in Hong Kong, by means of this Prospectus other than to (a) professional Eligible Shareholders within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) (“SFO”) and any rules made under the SFO (“professional Eligible Shareholders”) or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance of Hong Kong (Cap. 32) (“CO”) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to those Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional Eligible Shareholders.

Existing shareholders agree not to offer or sell in Hong Kong any Offer Shares other than (a) to professional Eligible Shareholders; or (b) in other circumstances which do not result in the document offering for sale the Offer Shares being a “prospectus” as defined in the CO or which do not constitute an offer to the public within the meaning of the CO or the SFO. Existing shareholders also agree not to issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional Eligible Shareholders.

14.7 Notice to Japanese eligible shareholders

The Subsequent Offering hereby has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “Financial Instruments and Exchange Law”). Accordingly, each Underwriter has represented, warranted and agreed that the Offer Shares to which it each subscribes will be subscribed by it as principal and that, in connection with the offering made hereby, it will not, directly or indirectly, offer or sell any Offer Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

14.8 Notice to Swiss eligible shareholders

This Prospectus is not being publicly distributed in Switzerland. Each copy of this document is addressed to a specifically named recipient and may not be passed on to third parties. The Offer Shares are not being offered to the public in or from Switzerland, and neither this document, nor any other offering material in relation to the Offer Shares may be distributed in connection with any such public offering.

15 ADDITIONAL INFORMATION

15.1 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 Garpeskjærvegen 2, N-5527Haugesund, Norway, with telephone number +47 40 00 77 10.

15.2 Related party transactions

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

NOK 1,000	2015	2014
Sales		
To Joint Venture	58,716	6,673
Purchases		
From Joint Venture	5,853	0

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.

Related party transactions for 2016 and 2017 are estimated to be about the same level as 2015.

15.3 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.

15.4 Auditor and advisors

15.4.1 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).

15.4.2 Advisors

Arctic Securities AS (Haakon VII's gt.5, 0123 Oslo, Norway) and Clarksons Platou Securities AS (Munkedamsveien 62C, 0270 Oslo, Norway) acted as Managers for the Private Placement and acts as Managers for the Subsequent Offering.

Advokatfirmaet Schjødt AS is acting as legal advisor to the Company.

15.5 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 Garpeskjærvegen 2, N-5527Haugesund, 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 and twelve months ended, 31 December 2016, and for the three months ended 31 December 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.

15.6 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 year ended 31 December 2016 and for the three months ended, 31 December 2016 and 2015 and the prospectus dated 23 February 2017, 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 10.6	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

Section in the Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Sections 10.6	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 10.4	Accounting policies	Reach Subsea ASA – Accounting Principles: http://www.newsweb.no/newsweb/search.do?messageId=400727	P65-66
Sections 10.6	Interim financial information	Reach Subsea ASA – Fourth Quarter Financial Statement 2016: http://www.newsweb.no/newsweb/search.do?messageId=420291	P7-12 P6-12

16 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 amortization
EEA	The European Economic Area
EBITDA before amortized termination fee	Earnings before interest, tax, depreciation, amortization and amortization of termination fee. In connection with the restructuring of the charter agreements on Edda Fonn and Normand Reach in May/June 2016, the Company paid a termination fee of NOK 76 million. The termination fee was capitalized in the balance sheet and is amortized over the remaining charter periods for the two vessels. To facilitate an easier comparison with historical operating performance, and to better communicate the true underlying operating performance of the Company, EBITDA before amortization of termination was introduced as a new reporting line in the financial statements as of the third quarter of 2016.
Eligible Shareholders	Shareholders in the Company, as of 12 January 2017, as registered with the VPS two trading days thereafter who were not invited to participate, or applied for but were not allocated shares, in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or (for jurisdictions other than Norway) would require any prospectus, filing, registration or similar action, and who are not employees in Reach Subsea AS.
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
Managers	Arctic Securities AS and Clarksons Platou Securities AS
Management	The senior management team of the Company
MPSV	Multi purposes support vessel
New Shares	The 48,609,900 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
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>)
Offer Shares	The 6,399,070 new shares offered in the Subsequent Offering
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 of 48,609,900 New Shares completed on 13 January 2017, and approved by the extraordinary general meeting on 7 February 2017.
Prospectus	This Prospectus dated 23 February 2017.
PRS	Pipeline Repair System
Reach Subsea	The Company
Record Date	16 January 2017
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 and Offer Shares.
Subscription Period	From 24 February 2017 to 10 March 2017 at 16:30 CET
Subscription Price	The subscription price being NOK 1.75
Subsequent Offering	The subsequent offering of 6,399,070 Offer Shares directed towards Eligible Shareholders
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 7 February 2017

§ 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 139,850,965 divided into 139,850,965 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.

INFORMATION ON THE SUBSCRIBER (MUST BE COMPLETED)

Subscriber's VPS account number	
Forename	
Surname/company	
Street address (for private: home address):	
Post code/district/ Country	
Personal ID number / Organisation number	
Norwegian Bank Account for dividends	
Nationality	
Daytime telephone number	
E-mail address:	

ADDITIONAL GUIDELINES FOR THE SUBSCRIBERS

Regulatory matters: In accordance with the Markets in Financial Instruments Directive (“MiFID”) of the European Union, Norwegian securities law imposes requirements in relation to business investments. In this respect, the Managers must categorize all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who/which are not existing clients of the Managers will be categorized as Non-professional clients. Subscribers can, by written request to the Managers, ask to be categorized as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact the Managers. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to section 14 “Selling and Transfer Restrictions” of the Prospectus. The making or acceptance of the Subsequent Offering to or by persons who have registered addresses outside Norway or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person outside Norway wishing to subscribe for Offer Shares under the Subsequent Offering to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. The Subscription Rights and Offer Shares have not been and will not be registered under the applicable securities laws of Australia or Switzerland and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia or Switzerland except pursuant to an applicable exemption from applicable securities laws. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, the Prospectus will not be distributed in the United States, Australia or Switzerland. Except as otherwise provided in the Prospectus, the Subscription Rights and the Offer Shares may not be transferred, sold or delivered in the United States, Australia or Switzerland. Exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions and those set out in the Prospectus may be deemed to be invalid.

Execution only: The Managers will, to the extent permitted by Norwegian law, treat the Subscription Form as an execution-only instruction. The Managers are not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of the Managers as well as between the Managers and the other entities in the Managers group. This may entail that other employees of the Manager or the Managers group may have information that may be relevant to the subscriber and to the assessment of the Offer Shares, but which the Managers will not have access to in their capacity as manager for the Subsequent Offering.

Information barriers: The Managers are investment firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers corporate finance department are kept confidential, the Managers other activities, including analysis and stock broking, are separated from the Managers corporate finance department by information walls. Consequently, the subscriber acknowledges that the Managers analysis and stock broking activity may act in conflict with the subscriber's interests with regard to transactions of the Shares, including the Offer Shares or the Subscription Rights, as a consequence of such information walls.

VPS account and mandatory anti-money laundering procedures: The Subsequent Offering is subject to the Norwegian Money Laundering Act No. 11 of March 6, 2009 and the Norwegian Money Laundering Regulations No. 302 of March 13, 2009 (collectively the “Anti-Money Laundering Legislation”). Subscribers who are not registered as existing customers with the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares. Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation. Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Terms and conditions for payment by direct debiting – securities trading: Payment by direct debiting is a service provided by the banks in Norway in cooperation. In the relationship between the payer and the payer's bank, the following applies as standard conditions:

1. The service “payment by direct debiting – securities trading” is supplemented by the account agreement between the payer and the payer's bank, ref. in particular Section C of the account agreement, General terms and conditions for deposits and payment instructions.
2. Costs related to payment based on “payment by direct debiting – securities trading” are found in the bank's prevailing price list, account information and/or are provided in other suitable manner. The bank will charge the incurred costs on the designated account.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank.

4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Agreement Act.

Overdue and missing payments: Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 no. 100, currently 8.50% per annum. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Managers, not be delivered to the subscriber. In order to enable timely registration of the share capital increase relating to the Subsequent Offering with the Norwegian Company Register, the Company reserves the right to make arrangements for advances of payment on behalf of subscribers who have not made payment of the Offer Shares by the Payment Date by a person other than the subscriber (a "Payment Advancing Person") pursuant to Section 10-12 of the Norwegian Public Limited Companies Act. To the extent such payment advance is made on behalf of a non-paying subscriber, the Offer Shares subscribed by the non-paying subscriber shall be provisionally registered in a separate account with the VPS, in anticipation of settlement by the non-paying subscriber. If the non-paying subscriber has not made payment within three days after the Payment Date, the Payment Advancing Person may from and including the fourth day after the Payment Due Date either assume ownership of the Offer Shares subscribed by the non-paying subscriber by notifying the Company, or sell such Offer Shares for the non-paying subscriber's account and risk without further notice to the subscriber in question in accordance with Section 10-12, fourth paragraph of the Norwegian Public Limited Companies Act. The non-paying subscriber will be liable for any loss, cost and expenses suffered or incurred by the Company and/or a Payment Advancing Persons as a result of or in connection with such disposals. The non-paying subscriber shall remain liable for payment of the entire amount due; interest, costs, charges and expenses accrued (and will not be entitled to profits, if any), and the Company and/or the Payment Advancing Person may enforce payment for any such amount outstanding.

Selling and transfer restrictions: Please refer to Section 14 ("Selling and Transfer Restrictions") of the Prospectus. Please note that certain persons that are resident in, or who are citizens of countries other than Norway, may be required to give certain representations and warranties and to execute additional documents or letters to confirm their eligibility to participate in the Subsequent Offering.

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