

# Term Sheet



ISIN: [●]

## Ocean Yield ASA Senior Unsecured Callable Bond Issue 2018/2023 (the "Bonds" or the "Bond Issue")

**Settlement Date: Expected to be [25] May 2018**

<b>Issuer:</b>	Ocean Yield ASA (enterprise no. 991 844 562 and LEI no. 5967007LIEEXZXGLT422).
<b>Group:</b>	Means the Issuer and all its (directly or indirectly owned) Subsidiaries from time to time, and a "Group Company" means the Issuer or any of its Subsidiaries.
<b>Currency:</b>	NOK
<b>Borrowing Limit:</b>	NOK 1,250,000,000
<b>Issue Amount/ First Tranche:</b>	Minimum NOK [600,000,000-800,000,000]
<b>Coupon Rate:</b>	3 months NIBOR + [●]% p.a., quarterly interest payments.
<b>Settlement Date:</b>	Expected to be [25] May 2018. Notice is expected to be given to Subscribers minimum two business days prior to Settlement Date.
<b>Final Maturity Date:</b>	[25] May 2023 (5 years after Settlement Date).
<b>First Interest Payment Day:</b>	[25] August 2018 (3 months after Settlement Date).
<b>Last Interest Payment Day:</b>	Final Maturity Date
<b>Interest Payments:</b>	Interest will start to accrue on Settlement Date and shall be payable quarterly in arrears on the interest payment day in [February], [May], [August] and [November] each year (each an "Interest Payment Day). Day count fraction for coupon is "act/360", business day convention is "modified following" and business day is "Oslo".
<b>Issue Price:</b>	100% of par value.
<b>Repayment:</b>	The Bonds shall be repaid on the Final Maturity Date at 100% of par value (plus accrued interests on redeemed amount).
<b>Nominal Value:</b>	The Bonds will have a nominal value of NOK 500,000 each. Minimum subscription amount and allotment shall be NOK 1,000,000.
<b>Status of the Bonds:</b>	The Bonds shall rank at least <i>pari passu</i> with all other senior unsecured obligations of the Issuer other than obligations which are mandatory preferred by law. The Bonds shall rank ahead of subordinated capital. The obligations of the Issuer under the Bond Issue will not be secured by any mortgage, pledge or other security.

<b>Purpose of the Bond Issue:</b>	The net proceeds from the Bonds can be used to (i) partly refinance existing debt (ii) finance future growth of the Group and/or (iii) for general corporate purposes.
<b>Voluntary early redemption – Call Option:</b>	<p>The Issuer may redeem all but not only some of the Bonds as follows:</p> <ul style="list-style-type: none"> <li>a) at any time from and including the First Call Date to, but not including, the Interest Payment Day falling three years after Settlement Date at a price equal to [100 + 75% of initial Coupon Rate] per cent. of the Nominal Value for each redeemed Bond (plus accrued interests on the redeemed Bonds);</li> <li>b) at any time from and including the Interest Payment Day falling three years after Settlement Date to, but not including, the Interest Payment Day falling four years after Settlement Date at a price equal to [100 + 55% of initial Coupon Rate] per cent. of Nominal Value for each redeemed Bond (plus accrued interests on the redeemed Bonds);</li> <li>c) at any time from and including the Interest Payment Day falling four years after Settlement Date to, but not including, the Interest Payment Day falling four years and six months after Settlement Date at a price equal to [100 + 35% of initial Coupon Rate] per cent. of Nominal Value for each redeemed Bond (plus accrued interests on the redeemed Bonds); or</li> <li>d) at any time from and including the Interest Payment Day falling four years and six months after Settlement Date to, but not including, the Maturity Date at a price equal to 100 per cent. of the Nominal Value for each redeemed Bond (plus accrued interests on the redeemed Bonds).<sup>1</sup></li> </ul>
<b>First Call Date:</b>	Means the Interest Payment Day in May 2020.
<b>General Undertakings:</b>	<p>During the term of the Bonds, the Issuer shall (unless the Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following general covenants and undertakings at any time:</p> <ul style="list-style-type: none"> <li>a) <b>Mergers:</b> The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving the consolidation of the assets and obligations of the Issuer or any such Group Company with any other company or entity not being a member of the Group, if such transaction would have a Material Adverse Effect.</li> <li>b) <b>De-mergers:</b> The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving the splitting of the Issuer or any such Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.</li> <li>c) <b>Continuation of business:</b> The Issuer shall not cease to carry on its business, and shall ensure that no other Group Company shall cease to carry out its business, if such transaction would have a Material Adverse Effect. The Issuer shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of the Bond Agreement.</li> <li>d) <b>Corporate status:</b> The Issuer shall not change its type of organization (as a limited liability company) or jurisdiction of organization.</li> <li>e) <b>Insurances:</b> The Issuer shall, and the Issuer shall procure that each Group Company will, maintain with reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its</li> </ul>

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<sup>1</sup> initial Coupon Rate for call option schedule purpose to be set by applying the prevailing 3 months NIBOR at the time of pricing of the Bond Issue. Call prices to be rounded to one decimal.

Vessels, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice.

- f) **Arm's length transactions:** The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any person except on arm's length terms.
- g) **Transactions with shareholders, directors and affiliated companies:**
  - (i) The Issuer shall cause all transactions between any Group Company and (A) any shareholder thereof not part of the Group, (B) any company in which any Group Company holds more than 10 per cent. of the shares, or (C) any company, person or entity controlled by or affiliated with any of the foregoing, to be entered on commercial terms, not less favourable to the Group Company than would have prevailed in an arms' length transaction with a third party.
  - (ii) All such transactions shall comply with all applicable provisions of applicable corporate law applicable to such transactions.
- h) **Reporting:** The Issuer shall of its own accord make management and financial reports (quarterly, written in English) available to the Trustee and on its web pages for public distribution not later than 120 days after the end of the financial year and not later than 60 days after the end of the relevant interim period (each a "**Reporting Date**"). Such reports shall be prepared in accordance with IFRS, and include a profit and loss account, balance sheet, cash flow statement and management commentary or report from the Board of Directors.

**Special Covenants:**

During the term of the Bonds, the Issuer shall (unless the Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following special covenants at any time:

- a) **Dividend restrictions:** The Issuer shall not declare or make any dividend payment, repurchase of shares or make any loans or other equity or capital distributions or payments to its shareholders (including servicing of shareholder loans), whether in cash or in kind, including without limitation any total return swaps or instruments with similar effect (a "**Distribution**"), unless the Liquidity exceeds the higher of (i) USD 30 million and (ii) 3% of Net Interest-Bearing Debt immediately after such Distribution takes place.
- b) **Subsidiaries' distributions:** Save for obligations under any Financial Indebtedness, the Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to:
  - (i) pay dividends or make other distributions to its shareholders;
  - (ii) service any Financial Indebtedness to the Issuer;
  - (iii) make any loans to the Issuer; or
  - (iv) transfer any of its assets and properties to the Issuer;

if the creation of such contractual obligation is reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Agreement.

- c) **Single-purpose companies:** The Issuer shall procure that any Group Company directly owning one or more Vessels shall remain single-purpose companies, not having any other business than solely related to their ownership and operation of the Vessels as well as rights and obligations under any charters.
- d) **Disposal of assets/business:** The Issuer shall not, and shall ensure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the

Group's assets or operations unless:

- (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and
  - (ii) such transaction does not have a Material Adverse Effect.
- e) **Subordination of intra-Group debt:** Save for as required under agreements governing any Financial Indebtedness of the Group, the Issuer shall ensure that its obligations under all agreements related to intra-Group loans, if any, provided to it by any Group Company shall be subordinated in all respect to its obligations to the Bondholders under the Bond Agreement.

**Financial Covenants:** The Issuer undertakes to comply with the following financial covenants during the term of the Bonds:

- (i) **Equity Ratio:** The Issuer shall ensure that the Group maintains an Equity Ratio of minimum 25.00%.
- (ii) **Liquidity:** The Issuer shall ensure that the Group maintains a Liquidity of minimum USD 25 million.
- (iii) **Interest Coverage Ratio:** The Issuer shall ensure that the Group maintains an Interest Coverage Ratio of minimum 2.0:1.

The Issuer undertakes to comply with the above Financial Covenants at all times, such compliance to be certified by the Issuer with each annual financial statement and quarterly financial statement on the respective Reporting Date. All Financial Covenants shall be calculated on a consolidated basis for the Group.

Notwithstanding the above, in the event the Issuer is in breach with the above Interest Coverage Ratio on a single Quarter Date, such breach does not constitute an event of default if at the subsequent Reporting Date the Liquidity is minimum the higher of (a) USD 40 million and (b) 3% of Net Interest-bearing Debt.

Furthermore, in the event the Issuer is in breach with the above Interest Coverage Ratio on two or more consecutive Quarter Dates, such breach does not constitute an event of default if at such Reporting Dates the Liquidity is minimum the higher of (a) USD 50 million and (b) 3% of Net Interest-bearing Debt.

In the event the Issuer no longer will have an Interest Coverage Ratio as a financial covenant in any of its other agreements governing Financial Indebtedness of the Group, the Interest Coverage Ratio shall cease to exist as a Financial Covenant under this Bond Issue.

**Definitions:** "**Decisive Influence**" means a person having, as a result of an agreement or through the ownership of shares or interests in another person:

- (i) a majority of the voting rights in that other person; or
- (ii) a right to elect or remove a majority of the members of the board of directors of that other person.

When determining the relevant person's number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company's Subsidiaries shall be included.

"**EBITDA**" means earnings before interest expenses, taxes, depreciation and amortization for the previous period of twelve (12) months as such term is defined in accordance with IFRS consistently applied, and adjusted for repayment of finance leases.

**“Equity”** means Total Assets less Total Liabilities.

**“Equity Ratio”** means the ratio of Equity to Total Assets.

**“Financial Indebtedness”** means any indebtedness for or in respect of:

- (i) moneys borrowed;
- (ii) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as finance or capital lease;
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account); and
- (viii) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (vii) above.

**“Financial Statements”** means the audited unconsolidated and consolidated annual accounts and financial statements of the Issuer for any financial year, drawn up according to IFRS, such accounts to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors.

**“Interest Coverage Ratio”** means the ratio of EBITDA to Net Interest Cost.

**“Interim Accounts”** means the unaudited consolidated quarterly financial statements of the Issuer for any quarter ending on a Quarter Date, drawn up according to IFRS, such accounts to include a profit and loss account, balance sheet, cash flow statement and management commentary.

**“Liquidity”** means, at any date, the aggregate amount of freely available and unrestricted cash and cash equivalents of the Group in each case reported in accordance with IFRS.

**“Net Interest-Bearing Debt”** means the book value of the Group’s total interest-bearing debt in accordance with IFRS *less* Liquidity.

**“Net Interest Cost”** means the aggregate gross cash interest costs of the Group related to its interest bearing debt less the aggregate gross cash interest income of the Group (to be calculated on a twelve (12) months rolling basis). For the avoidance of doubt, gains or losses (whether realised or unrealised) on any interest rate, currency or derivatives transactions (mark-to-market accounting, where relevant) shall not be considered as interest income or cost.

**“Quarter Date”** means each 31 March, 30 June, 30 September and 31 December.

**“Subsidiary”** means a company over which another company has Decisive Influence.

**“Total Assets”** means the aggregate book value of all assets (both tangible and intangible) of the Group at any time *less* Liquidity.

**“Total Liabilities”** means the book value of long term and short term debt and other

liabilities which shall be included in the balance sheet at any time, but excluding any non-cash seller's credits or payment of hire reflected as a liability in the financial statements of the Issuer *less* Liquidity.

“**Vessel**” means any vessel or offshore unit owned by a Group Company at any time.

<b>Material Adverse Effect:</b>	Means an event or circumstances which has a material adverse effect on: (a) the Issuer's ability to perform and comply with its obligations under the Bond Agreement, or (b) the validity or enforceability of the Bond Agreement.
<b>Change of Control Event:</b>	Means if (i) any person or group of persons under the same Decisive Influence, or two or more persons acting in concert (other than Aker ASA or any indirectly or directly owned Subsidiary of Aker ASA, or affiliated companies of Aker ASA including The Resource Group TRG AS) obtains Decisive Influence over the Issuer; or (ii) a de-listing of the Issuer's shares from Oslo Børs occurs, except where the Issuer's shares are, or in connection with such de-listing becomes, listed on another recognized stock exchange acceptable to the Trustee.
<b>Change of Control Clause:</b>	Upon a Change of Control Event occurring, each Bondholder shall have a right of prepayment (a “ <b>Put Option</b> ”) of the Bonds at a price of 101% of par value plus accrued interest of par value. The Put Option must be exercised during a period of 30 calendar days following the Issuer's notification to the Bondholders of a Change of Control Event. The settlement date of the Put Option shall be 45 days after such notification.
<b>Event of Default:</b>	The Bond Agreement shall include event of default provisions, as well as certain cross default provisions for the Issuer and any other Group Company in respect of any Financial Indebtedness in excess of USD 25 million (or the equivalent thereof in other currencies), to the extent the relevant Financial Indebtedness has recourse to the Issuer.
<b>Issuer's Ownership of Bonds:</b>	The Issuer has the right to acquire and own the Bonds. Such Bonds may at the Issuer's discretion be retained or sold by the Issuer.
<b>Global Coordinator:</b>	DNB Bank ASA, DNB Markets, Dronning Eufemias gate 30, NO-0191, Oslo, Norway
<b>Joint Lead Managers:</b>	Danske Bank, Norwegian Branch, Bryggetorget 4, 0107 Oslo, Norway; DNB Bank ASA, DNB Markets, Dronning Eufemias gate 30, NO-0191, Oslo, Norway; Fearnley Securities AS, Grev Wedels Plass 9, NO-0107 Oslo, Norway; Nordea Bank AB (publ), filial i Norge, Nordea Markets, P.O. Box 1166 Sentrum, NO-0107 Oslo, Norway; and Skandinaviska Enskilda Banken AB (publ), Norwegian Branch, Filipstad Brygge 1, 0252 Oslo, Norway.
<b>Trustee:</b>	Nordic Trustee AS, P.O. Box 1470 Vika, NO-0116 Oslo, Norway
<b>Registration:</b>	The Norwegian Central Securities Depository (“ <b>VPS</b> ”). Principal and interest accrued will be credited the bondholders through VPS.
<b>Paying Agent:</b>	DNB Bank ASA
<b>Listing of Bonds:</b>	An application will be made for the Bonds to be listed on Oslo Børs.
<b>Market Making:</b>	No market-maker agreement has been made for this Bond Issue.
<b>Taxation:</b>	The Issuer shall pay any stamp duty and other public fees in connection with the issuance of the Bonds, but not in respect of trading in the secondary market, and shall deduct at source any applicable withholding tax payable pursuant to law.

**Bond Agreement:** The Bond Agreement will be entered into by the Issuer and the Trustee acting as the bondholders' representative, and will in principal be based on the bond agreement for OCY04 with ISIN NO 001 0774417 with such amendments as reflected in this Term Sheet. The Bond Agreement regulates the bondholders' rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail.

Each subscriber in the Bonds, such subscription documented by an application form, a taped telephone conversation, e-mail or otherwise, is deemed to have granted authority to the Trustee to finalize the Bond Agreement. Minor adjustments to the structure described in this Term Sheet may occur.

Each subscriber in the Bonds either through the application form (if applied) or documented as otherwise specified in the foregoing, specifically authorizes the Trustee to execute and deliver the Bond Agreement on behalf of the prospective Bondholders. On this basis, the Issuer and the Trustee will execute and deliver the Bond Agreement and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become parties to the Bond Agreement. The Bond Agreement specifies that all Bond transfers shall be subject to the terms thereof, and the Trustee and all Bond transferees shall, when acquiring the Bonds, be deemed to have accepted the terms of the Bond Agreement, which specifies that all such transferees shall automatically become parties to the Bond Agreement upon completed transfer having been registered in the VPS, without any further action required to be taken or formalities to be complied with. The Bond Agreement shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request by the Trustee or the Issuer, and such availability shall be recorded in the VPS particulars relating to the Bonds.

**Eligible Purchasers:** The Bonds are not being offered to and may not be purchased by investors located in the United States except for "**Qualified Institutional Buyers**" (QIBs) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended ("**Securities Act**"). In addition to the application form that each investor will be required to execute, each U.S. investor that wishes to purchase Bonds will be required to execute and deliver to the Issuer a certification in a form to be provided by the Issuer stating, among other things, that the investor is a QIB. The Bonds may not be purchased by, or for the benefit of, persons resident in Canada.

Nordea is not registered with the U.S. Securities and Exchange Commission as a U.S. registered broker-dealer and will not participate in the offer or sale of the Bonds within the United States.

**Transfer Restrictions:** Bondholders located in the United States will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act or (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available).

Oslo, 16 May 2018



**Ocean Yield ASA**  
as Issuer



**MARKETS**

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as Global Coordinator and Joint  
Lead Manager



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as Joint Lead Manager



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