



Boa Sbl AS Senior Secured Bond Issue 2013/2018

Terms:

Documentation:

The Loan Agreement ¹⁾ is described more closely in Standard Terms

Before investing in the bond, the investor is encouraged to become familiar with relevant documents such as this term sheet, the Loan Agreement and the Issuer's financial accounts and articles of association and if relevant, listing document. The documents are available from the Issuer and in Relevant Places. In the case of any discrepancies between the Loan Agreement and this term sheet, the Loan Agreement will apply.

Relevant Places:

www.boa.no

Issuer/Borrower:

Boa Sbl AS

Borrowing Limit – Tap Issue:

N/A

First Tranche / Loan Amount : ²⁾

NOK 400,000,000

Disbursement Date: ³⁾

19 April 2013

Maturity Date: ⁴⁾

19 April 2018

NIBOR: ⁵⁾

NIBOR 3 months

Margin:

5.50%

Coupon Rate: ⁶⁾

NIBOR + 5.50%

Day Count Fraction– Coupon:

Actual/360

Date of interest adjustment: ^{7) 9)}

Interest Payment Date

Business Day Convention: ⁸⁾

Modified following

Interest Payment Date: ⁹⁾

19 January, 19 April, 19 July and 19 October

Interest accrual date (from and including):

19 April 2013

Final coupon date (to):

19 April 2018

days first term:

91 days (19 April 2013 - 19 July 2013)

Status of the Loan ¹⁰⁾

Secured

Issue Price: ¹¹⁾

100.00% of par value

Denomination:

NOK 1

Bondholder's put option: ¹²⁾

Redemption Date(s): N/A

Price: N/A

Issuer's call option: ¹³⁾

Redemption Date(s): At any time from and including:
(i) the date falling 3 years after the Settlement Date to, but not including, the date falling 4 years after the Settlement Date
(ii) the date falling 4 years after the Settlement Date to, but not included, the Final Maturity Date

Price: (i) at a price equal to 104.00 % of par value (plus accrued interest on the redeemed amount); or
(ii) at a price equal to 102.00 % of par value (plus accrued interest on the redeemed amount)

Issuer's org. number: 990 899 576

Number / Codes: **Sector Code :** 2100 **Geographic code:** 0301 **Industry (trade) Code:** 50.201

Usage of funds: (i) Approximately NOK 297 million to repay all existing debt
(ii) The balance to be applied for general corporate purposes, including for the purpose of granting an internal loan to the parent company, Boa Offshore AS, in the amount of NOK 85 – 100 million as part of the refinancing of the group. Any such internal loan shall be governed by a loan agreement.

Approvals / Permissions: Board resolution dated 2 April 2013
Oslo Børs has inspected the loan documents prior to listing on Nordic ABM

Trustee / Bondholders' Representative: Norsk Tillitsmann ASA, P.O. Box 1470 Vika, 0116 Oslo, Norway

Arranger(s): SpareBank 1 Markets AS and Pareto Securities AS

Paying Agent: SpareBank 1 SMN

Securities Depository: VPS

Market making: No market making agreement

Special (distinct) conditions: *In the following, the definitions in the Bond Agreement dated 17 April 2013 shall apply.*

Please note that the item "Amortisation" on page 6 under the section "Standard Terms" does not apply for this Bond Issue.

Amortisation: NOK 5 million quarterly at par value. The first payment is to be paid on the first Interest Payment Date, and the following instalments are to be paid on each following Interest Payment Date till the Maturity Date. At the Maturity Date, the Outstanding Bonds, NOK 305,000,000, shall be repaid in full at par value together with accrued interest thereon.

The loan agreement between the Issuer as lender and the Parent as borrower setting out the conditions for the Internal Loan, to be in form and substance acceptable to the Trustee (on behalf of the Bondholders), and stipulating, inter alia, (i) that the Internal Loan shall be repaid immediately and in full upon acceleration of the Bonds following an event of default under the Bond Agreement and (ii) bear an interest rate of 3 months NIBOR + 5.50% p.a., quarterly interest payments which may be accumulated to the principal.

Supplementary information about the status of the loan:¹⁰⁾

The Bonds shall constitute senior debt obligations of the Issuer. The Bonds shall rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.

The Bonds, including accrued but unpaid interest, costs and expenses, shall be secured by the Security Interest.

The Bond Trustee shall issue a quiet enjoyment letter on customary terms and reasonably acceptable to it, if required by any charterer under the Charters, whereby the relevant charterer is granted the continued peaceful and quiet use of the relevant Vessel as long as the charterer fully performs its obligations under the relevant Charter.

The Bonds, including but not limited to interests and expenses, shall be secured in favour of the Trustee (on behalf of the Bondholders) as follows:

Pre-Disbursement Security:

From the Parent:

(ii) a first priority share pledge granted by the Parent over all of the shares (100%) in the Issuer (the "Issuer Share Pledge"), together with, inter alia, undated letters of resignation (effective upon an Event of Default for which the Trustee has issued a notice) (if legally possible) from the current board members and covenants to obtain such from future board members;

(iii) a first priority pledge or an assignment (or such similar security under the relevant jurisdiction) of the rights of the Parent as lender under any Subordinated Loans (the "Parent Assignment of Subordinated Loans");

From the Issuer:

(iv) a first priority ship mortgage over the Vessels (cross-collateralized) including all relevant equipment being part of the Vessels under applicable law (the "Mortgages");

(v) a first priority assignment over the insurances related to the Vessels (the "Assignment of Insurances");

(vi) a first priority assignment of any charter earnings payable under the Charters;

(vii) a first priority assignment of trade receivables (Norwegian: "factoringpart") of the Issuer (the "Factoring Agreement"), such Factoring Agreement to be registered with the Norwegian Registry of Movable Property;

(viii) a first priority pledge in the Accounts (excluding the Escrow Account established Pre-Settlement) (the "Account Pledge");

(ix) a first priority assignment of any Charter (provided that such assignment is permitted pursuant to the terms of the relevant Charter and applicable law (it being understood that the Issuer shall use reasonable efforts for any such Charter to allow for an assignment

Special covenants

- (a) Maintenance of ownership
The Issuer shall remain the sole and direct owner of the Vessels (subject to Clause 11 (Mandatory Redemption)).
- (b) Dividends and other distributions
The Issuer may not within any financial year, during the term of the Bonds, declare or make any Dividend Payment.
- (c) Negative pledge
The Issuer shall not, during the term of the Bonds, create, incur or allow to exist any other Security on any of the assets subject to the Security granted in favour of the Bond Trustee under the Security Documents.
- (d) Financial Indebtedness restrictions
The Issuer shall not assume any financial indebtedness other than (i) the Bond Issue, (ii) any hedging transactions entered into in the Issuer's ordinary course of business and (iii) any Subordinated Loans.
- (e) Financial assistance
The Issuer shall not grant any new loans, any guarantees or any other financial assistance (including, but not limited to granting security) to any party except for the Internal Loan.
- (f) Capital expenditures
The Issuer shall not make any acquisitions of other companies or the assets of other companies, nor make or commit to any other capital expenditures exceeding NOK 20 million in aggregate during one calendar year. For the avoidance of doubt, this limit does not apply to normal operating expenses like drydocking, periodical maintenance, break-down repairs costs and similar expenses.
- (g) Project Documents
The Issuer shall not agree to or permit any changes to the Project Documents which are likely to have a material adverse effect on its ability to meet its obligations thereunder and/or its ability to meet its obligations under the Bond Agreement. The Issuer shall enforce any rights that it has to ensure that the project is to the best of its knowledge at all times operated and maintained in accordance with the Project Documents.
- (h) Subordination of Intra-group Loans
The Issuer shall ensure that all Intra-group Loans are subordinated in accordance with the Subordination Agreement.
- (i) Subordinated Loans
The Issuer shall ensure that any Subordinated Loan is subordinated in accordance with the Subordination Agreement and that the rights of the Parent are subject to the Parent Assignment of Subordinated Loans.
- (j) Issuer's debt service
The Issuer shall, commencing from the Issue Date, transfer monthly from the Issuer's Earnings Account into the Debt Service Account an amount equal to the aggregate of (i) 1/3 of the next payable Scheduled Instalment (excluding the Balloon Repayment) and (ii) 1/3 of the Floating Rate payable on the next Interest Payment Date. The deposited amount on the Debt Service Account shall only be released for the interest and amortization payments as and when they fall due.
- (k) Issuer's debt service
The Issuer shall open additional Earnings Accounts in other currencies should any earnings related to the Vessels be received in more than one currency.
- (l) Pledge of Accounts
The Issuer shall ensure that all and any Accounts opened and maintained by it shall be pledged pursuant to the Account Pledge Agreement.

Financial covenants

The financial covenants shall apply to the Issuer at all times during the term of the Bond Issue and shall be tested on a semi-annual basis.

- (m) Asset Cover Ratio
The Market Value of the Vessels shall exceed 125.00 % of the outstanding amount under the Bond Agreement.
- (n) Minimum cash
The Issuer shall have Cash and Cash Equivalent in excess of NOK 20 million.

See the investor presentation for information about the Market Value of the vessels.

Standard Terms: *If any discrepancy should occur between this Loan Description and the Loan Agreement, then the Loan Agreement will apply.*

Loan Agreement: ¹⁾ The Loan Agreement will be entered into between the Issuer and the Trustee prior to Disbursement Date. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the Issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.

When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement. If subscription is made prior to finalisation of the Loan Agreement, the subscriber is deemed to have granted authority to the Trustee to finalise the Loan Agreement. For tap issues, the Loan Agreement will apply for later issues made within the Borrowing Limit. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.

Open / Close: ³⁾⁴⁾ Tap Issues will be opened on Disbursement Date and closed no later than five banking days before Maturity Date.

Disbursement Date: ³⁾ Payment of the First Tranche / Loan Amount takes place on the Disbursement Date. In case of late payment, the applicable default interest rate according to "lov 17. desember 1976 nr 100 om renter ved forsinket betaling m.m." will accrue.

Expansions – Tap Issues: ²⁾ For Tap Issues the Issuer can increase the loan above the First Tranche/Loan Amount, before the initial Disbursement Date. For taps not falling on Interest Payment Dates, Accrued Interest will be calculated using standard market practice in the secondary bond market. The Issuer may apply for an increase of the Borrowing Limit.

Issue price – Tap Issues: ¹¹⁾ Any taps under the Tap Issue will be made at market prices, and will fall under the regulations set out in "emisjonsforskriften av 20. desember 1996".

Interest Determination Date: ⁷⁾ 2 Business Days prior to Date of Interest Payment Date

Interest Determination: ⁶⁾⁷⁾ The regulation of the Interest Rate is effective from each Interest Payment Date. The new interest rate is determined on Interest Determination Date based on NIBOR with additional margin.

Should NIBOR not be available, the interest rate is set based on NIBOR Reference Banks plus Margin. The new interest rate and the next interest term/period will be notified the Bondholders in writing through the Securities Depository. The Trustee and Nordic ABM shall also be notified immediately.

If any discrepancy should occur between the Issuer and the Trustee regarding change of page, or if the interest rate is set in accordance with NIBOR-reference banks, the Issuer or the Bondholders who represents minimum 1/10 of Outstanding Loan may appeal against the Interest Determination. Such an appeal must be presented in writing to the Trustee no later than 20 Business days after the bondholders being informed of the interest rate. The appeal will be dealt with by a committee comprising three members, of which one representative is nominated by the Issuer, one representative is nominated by the Trustee and a chairman agreed by the representatives of the two parties. If the parties cannot agree upon a chairman, this person will be nominated by Lord Chief Justice of the City of Oslo Magistrates Court. The decision made by the committee is final.

The notification of the complaint together with the final determination of the interest rate shall be forwarded to the Bondholders through the Securities Depository. If a complaint is made, the current notification shall also be forwarded to Nordic ABM.

NIBOR – definition: ⁵⁾ The interest rate, rounded to the nearest hundredth percentage points, for an equivalent time period as mentioned under NIBOR that is quoted on the Reuters page NIBR at 12 p.m. in Oslo on the Interest Determination Date.

Should the content of the Reuters page NIBR be changed such that the quoted interest rate is not representing, according to the Trustee and the Issuer, the same interest rate as at the time of disbursement or if the page in question is removed from the Reuters system, another page on Reuters shall be used. A page from another electronic news agency that gives the same interest rate as Reuters' page NIBR did at disbursement date can also be used if the Trustee and the Issuer agree upon this.

NIBOR – reference banks:	The interest rate fixed on basis of the interest on deposits in the inter-bank market in Oslo quoted by the 4 largest authorised exchange banks in the Norwegian market at approximately 12 p.m. in Oslo on the Interest Determination Date for a period as mentioned in NIBOR that starts on the Interest Determination Date and is valid for a comparable amount. The Trustee shall ask the head office of each bank to quote such an interest rate. If two or more quotes are given, the interest rate shall be fixed to the arithmetic mean of the quotes. If less than two quotes are given, the interest rate shall be set to the arithmetic mean of the interest rates quoted by banks selected by the Trustee approximately 12 p.m. in Oslo on the Interest Determination Date for loans in NOK to leading banks in Europe for a time period as mentioned in NIBOR which starts on the date of which the interest rate is set valid for a comparable amount. An interest rate determined by calculation of the arithmetic mean is rounded to the nearest hundredth percentage points.
Yield:	Dependent on the market price. Yield for the first Interest Period will be notified 2 Banking Days prior to Disbursement Date.
Interest Period: ⁹⁾⁷⁾	The interest is paid in arrears on the Interest Payment Date. The first interest period matures on the first Interest Payment Date after the Disbursement Date. The next period runs from this date until the next Interest Payment Date. The last period of interest ends on Maturity Date.
Accrued interest:	Accrued Interest for trades in the secondary bond market are calculated on the basis of current recommendations of Norsk Finansanalytikeres Forening.
Standard Business Day Convention: ⁸⁾	Modified Following: If the Interest Payment Date is not a banking day, the Interest Payment Date shall be postponed to the next banking day. However, if this day falls in the following calendar month, the Interest Payment Date is moved to the first banking day preceding the original date.
Condition – Bondholder’s put option: ¹²⁾	On Redemption Date the Bondholders have a right to redeem the bonds at the Corresponding Price. Claim of redemption must be received by the account operator investor in writing no later than 15 banking days prior to the Redemption Date in question, as mentioned under The Bondholders Put Option.
Condition – Issuer’s call option: ¹³⁾	On Redemption Date, the Issuer has a right to redeem the bonds, completely or partly by drawing lots at the Corresponding Price. If the Issuer makes use of this right to redemption, the Issuer shall notify the Trustee, Bondholders and Nordic ABM regarding this matter no later than 30 banking days prior to the Redemption Date in question. The notification shall also be forwarded to the Bondholders through the Securities Depository as soon as possible.
Registration:	The loan must prior to disbursement be registered in the Securities Depository. The bonds are being registered on each Bondholders account in the Securities Depository.
Issuer’s acquisition of bonds:	The issuer has the right to acquire and own the bonds. Such bonds may at the Issuer’s discretion be retained by the Issuer, sold or used for partial redemption.
Amortisation: ⁴⁾	The bonds will run without instalments and be repaid in full on Maturity Date at par, provided the Issuer has not called the bonds.
Redemption:	Matured interest and matured principal will be credited each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
Sale:	Tranche 1/ Loan Amount has been sold by the Arranger(s). Later taps can be made by authorized securities brokers.
Legislation:	Disputes arising from or in connection with the Loan Agreement, which are not resolved amicably, shall be resolved in accordance with Norwegian law and the Norwegian courts. Legal suits shall be served at the Trustee’s competent legal venue.
Fees and expenses:	The Issuer shall pay any stamp duty and other public fees in connection with the loan. Any public fees or taxes on sales of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Issuer is responsible for withholding any withholding tax imposed by Norwegian law.



Trondheim/Oslo, 17 June 2013

Pareto Securities

