

Term Sheet



I.M. SKAUGEN SE
Innovative Maritime Solutions

I.M. Skaugen SE FRN senior unsecured USD 51,418,692 bonds 2017/2018

ISIN NO0010793870

Issue Date: 8 June 2017

Bond Agreement:	Adjusted for the specific terms described below, the existing terms of the FRN I.M. Skaugen SE Senior Unsecured Bond Issue 2012/2017 (ISIN NO 001 064167.3) (" IMSK13 ") shall be applicable to the new bond.
Issuer:	I.M. Skaugen SE, incorporated under the laws of Norway with business registration number NO. 977 241 774.
Group:	The Issuer with all its Subsidiaries from time to time (each a "Group Company").
Manager:	Arctic Securities AS.
Bond Trustee:	Nordic Trustee ASA.
Currency:	USD.
Issue Amount:	USD 51,418,692 (amount determined based on conversion of NOK 428,631,440 with applicable FX as per 22 May 2017 of 8.3361).
Settlement Date:	8 June 2017. Confirmation of Settlement Date to be given to subscribers minimum five Business Days prior to the Settlement Date.
Maturity Date:	6 April 2018.
Interest Rate:	The percentage rate per annum which is the aggregate of the Reference Rate plus the Margin. Interest Rate shall apply from and including 6 April 2017.

Interest Rate is payable in cash to the extent the Issuer will have Free Cash of no less than USD 250,000 and USD 7,000,000 on consolidated level after such interest payment. To the extent interest is not paid in cash, it will be settled by way of issuance of additional bonds (payment-in-kind).

"Free Cash" means the aggregate amount (expressed in USD or as an USD equivalent) on any specific date of (i) all amounts and (ii) 50% of all undrawn credit lines, which are standing to the credit of current and deposit accounts with any banks or other deposit taking institutions, excepting restricted deposits/funds other than bank accounts pledged in favour of the agent under the senior secured credit facility agreement dated 21 February 2011 (as amended, supplemented or restated from time to time) entered into between (i) Somargas II Private Limited, as borrower, (ii) I.M. Skaugen Marine Services Pte. Ltd., the Issuer and

Skaugen Marine Investments Pte. Ltd. as guarantors, (iii) the lenders under the facility agreement and (iv) Nordea Bank AB Singapore Branch as agent.

- Margin:** 9.00 per cent.
- Reference Rate:** 3 months LIBOR.
- Interest Payment Date:** The last day of each Interest Period, provided, however, that the first Interest Payment Date shall be 31 December 2017. The last Interest Payment Date shall be the Maturity Date.
- Interest Periods:** Means, subject to adjustment in accordance with the Business Day Convention, the period between 31 March, 30 June, 30 September and 31 December each year, provided however that an Interest Period shall not extend beyond the Maturity Date.
- Business Day:** Means any day on which commercial banks are open for general business and can settle foreign currency transactions in Oslo and New York.
- Business Day Convention:** Means that if the relevant Interest Payment Date falls on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding date that is a Business Day (Modified Following Business Day Convention).
- Price:** 100% of the Initial Nominal Amount.
- Initial Nominal Amount:** Each Bond will have an Initial Nominal Amount of USD 1.
- Escrow Account:** The Issuer shall prior to 30 September 2017 establish an escrow account blocked in favour of the Bond Trustee (but available for the Issuer for the purpose of making the interest payment due on 31 December 2017) where an amount equal to one month's interest will be transferred on each of 30 September 2017, 31 October 2017 and 30 November 2017 as security for the obligation to pay interest on 31 December 2017. Payment to such escrow account is to the extent the Issuer will have Free Cash of no less than USD 250,000 and USD 7,000,000 on consolidated level after such payment.
- Conditions Precedent:** The Bond Issue is subject to the following conditions:
- (i) Execution of an amendment to the loan agreement with the Nordea syndicate without any material deviations to the proposal presented to the Bondholders in the Summons to Bondholders Meeting date 10 April 2017,
 - (ii) Execution of a new loan agreement with Swedbank without any material deviations to the proposal presented to the Bondholders in the Summons to Bondholders Meeting date 10 April 2017,
 - (iii) Approval of the proposal to Bondholders as set out in the Summons to Bondholders Meeting dated 10 April in the Bondholders Meeting on 27 April 2017, and
 - (iv) Any statements, document or legal opinion reasonably required by the Bond Trustee.

Voluntary early redemption - Call Option:	The Issuer may redeem all but not only some of the Outstanding Bonds on any Business Day from and including the Issue Date to, but not including, the Maturity Date at a price equal to 102.5% of par value plus accrued interests on redeemed amount.
Financial Covenants:	Relevant asset covenant as described in the IMSK13 bond agreement clause 13.5.a. No equity ratio covenant.
Terms of subscription:	Any subscriber of the Bonds specifically authorises the Bond Trustee to execute and deliver the Bond Agreement on behalf of the prospective Bondholder. On this basis, the Issuer and the Bond Trustee will execute and deliver the Bond Agreement and the latter's execution and delivery is on behalf of all of the bondholders in IMSK12 and IMSK13 as of the Settlement Date, such that they thereby will become bound by the Bond Agreement. The Bond Agreement specify that by virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of the Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with. The Bond Agreement shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request to the Bond Trustee or the Issuer.
Subscription Restrictions:	The Bonds will only be offered or sold within the United States to Qualified Institutional Buyers ("QIBs") as defined in Rule 144A under the U.S. Securities Act. The Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act. Failure to comply with these restrictions may constitute a violation of applicable securities legislation.
Transfer Restrictions:	The Bonds are freely transferable and may be pledged, subject to the following: <ul style="list-style-type: none"> (i) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense. (ii) Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under the Bond Agreement provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.
Governing Law:	Norwegian law.

Oslo, 23 May 2017



I.M. Skaugen SE
As Issuer



Arctic Securities AS
As Manager