

Deep Sea Supply Plc.  
Storgaten 4  
N-4876 Grimstad  
Norway

Attn. Board of Directors

Oslo, 10 March 2017

## Fairness opinion and independent statement

### 1. BACKGROUND

Swedbank Norge ("**Swedbank**") has been engaged by the Board of Directors (the "**Board**") of Deep Sea Supply Plc. ("Deep Sea Supply" or the "**Company**") in connection with the proposed transaction, where Deep Sea Supply, Solstad Offshore ASA ("Solstad") and Farstad Shipping ASA ("Farstad") will be combined into one company ("Solstad Farstad"), as announced 6<sup>th</sup> of February 2017 (the "Combination").

Under the proposed terms of the Combination, Farstad will merge with a newly incorporated subsidiary of Solstad, and Farstad's former shareholders will receive shares in Solstad as merger consideration. The exchange ratio in the Solstad / Farstad merger will be 0.35:12.50 Farstad shares per Solstad share.

Contemporaneously with the Solstad / Farstad merger, Deep Sea Supply will combine with Solstad in a merger or merger-like transaction whereby all of Deep Sea Supply's assets, rights and obligations will ultimately be transferred to a subsidiary of Solstad against consideration in the form of Solstad shares. The amount of Solstad consideration shares issued will be based on an agreed exchange ratio of 1.32:12.50 Deep Sea Supply shares per Solstad share.

In relation to the above, the Company has engaged Swedbank to provide a fairness opinion and independent assessment of the Combination ("**Statement**"). For the avoidance of doubt, Swedbank has only provided the Statement in connection with the Combination and has not acted as a financial advisor in any other respect for any of the parties involved. The opinions expressed in this Statement are prepared for the Board of Deep Sea Supply and may not be relied upon by any third party for any other purposes whatsoever. Evaluations of this nature will always contain an element of uncertainty, and although reasonable care and efforts have been exerted, Swedbank does not accept any legal or financial liability related to this Statement, nor any consequences resulting from acting to or relying on it.

The Statement is based on an evaluation of publicly available information, including discussions with Deep Sea Supply management. Swedbank has not reviewed any non-public information related to Deep Sea Supply, nor performed any legal, technical or other due diligence of the Company.

### 2. ASSESMENT OF THE FINANCIAL FAIRNESS OF THE OFFER

The evaluation of the Combination has been made on objective criteria to the extent possible and on generally accepted and recognized valuation methods that have been deemed relevant and applicable.

The primary methods applied in the evaluation of the Combination include:

- Study of the transaction rationale
- An assessment of the proposed share exchange ratios relative to historical market trading
- A comparison of fleet values and Enterprise Values of Deep Sea Supply, Solstad and Farstad

Swedbank finds that the transaction rationale for Deep Sea Supply shareholders is strong. If completed, the Combination will create the world's leading player within the OSV segment. This new company will have improved geographical and vessel segment diversification, a more robust balance sheet to meet challenging market conditions and to further consolidate the sector, can achieve significant cost synergies, and will have very strong and capable owners and management.

Assessing the Deep Sea Supply exchange ratio of 1.32:12.50 Deep Sea Supply shares per Solstad share, it is found that it is in line with historical trading exchange ratio. Furthermore, the Farstad exchange ratio of 0.35:12.50 Farstad shares per Solstad share allows Deep Sea Supply shareholders to enter the combined company at the same level as recent and imminent equity issues towards Aker ASA, Hemen Holding Limited and others, which is deemed to be at a reasonable pricing level.

Swedbank has also conducted a bottom-up valuation, on like-for-like assumptions, of the fleet of each company participating in the Combination. This analysis indicates that relative to fleet values, the implied valuation of Deep Sea Supply is in line with or above Solstad and Farstad in the Combination.

### **3. OTHER CONSIDERATIONS**

#### ***Views of the executive management and the largest shareholders***

Several key stakeholders in the three companies have agreed to work for a successful completion of the Combination, including:

- ✓ Hemen Holding Limited, the main shareholder of Deep Sea Supply
- ✓ Aker ASA, a main shareholder of Solstad
- ✓ Soff Invest AS and Ivan II AS (the "Solstad family companies"), a main shareholder of Solstad
- ✓ Tyrholm & Farstad AS, the main shareholder of Farstad
- ✓ Senior lenders and a substantial part of the bondholders of Farstad

Hemen Holding Limited and Aker ASA have guaranteed for a NOK 650 million equity issue in Farstad prior to the Combination, and will subscribe for a minimum of NOK 400 million at NOK 0.35 per share. Furthermore, Hemen Holding Limited will subscribe for NOK 200 million in an equity issue in Solstad in connection with the Combination at NOK 12.50 per share. This shows strong commitment from the main shareholders, and we find it positive that the new equity is subscribed at the same term as the implied price in the Combination.

The executive management of Deep Sea Supply, Solstad and Farstad have all expressed strong support for the Combination, pointing inter alia to the necessity for consolidation in the sector.

### **4. CONCLUSION**

Swedbank is of the opinion that the proposed share exchange ratio in the Combination is fair for Deep Sea Supply shareholders, from a financial point of view, and on market terms, based on: i) an assessment of the transaction rationale, ii) an evaluation of the exchange ratios and iii) a comparison of implied Enterprise Value and fleet value for each of the three companies in the Combination.

Swedbank does not express any opinion or any recommendation as to whether or not shareholders of Deep Sea Supply should accept the proposal, and recommend shareholders to study the terms of the Combination to make up their own view on the prospects for the Company to draw their own conclusions.

This document including the advice contained herein is based on information available as of 10<sup>th</sup> of March 2017, and is subject to change in case of new information.

### **5. CONFLICTS OF INTEREST AND SHARE OWNERSHIP**

As of 10<sup>th</sup> of March 2017, employees in Swedbank own 500 shares in Deep Sea Supply, 5,621 shares in Solstad and 2,150 shares in Farstad. Members of the team providing this Statement own 500 shares in Deep Sea Supply, 0 shares in Solstad and 0 shares in Farstad.

Swedbank is a senior lender to Deep Sea Supply.

Swedbank is a bank with a broad range of investment services (including departments of stock broking, corporate finance and research) and financial services. Deep Sea Supply acknowledges that Swedbank may have and may continue to have investment banking, financial advisory, lending activity and other relationships with parties other than the Company operating in the same sector as the Company. Swedbank shall have no obligation to disclose such information to the Company. Swedbank is engaged in investment business for own account and for clients. In the ordinary course of trading and brokerage activities, Swedbank may hold positions, for their own account or the account of customers, in equity, debt or other securities of Deep Sea Supply or any company that may be involved in the Combination. In certain circumstances their interests may be regarded as conflicting with the interests of a client in relation to a particular transaction, or they may have some other interest that is material. Swedbank has procedures to ensure independence of advice. Deep Sea Supply acknowledges and accepts, so as to override any duty or restriction which would otherwise be implied by law, that Swedbank may have an interest and that employees responsible for providing the services under the Statement may be doing so despite the existence of such interests.