

Merger between Solstad Offshore ASA, Farstad Shipping ASA and Deep Sea Supply Plc. – detailed stock exchange announcement

Skudeneshavn, Ålesund and Limassol, 24 March, 2017

Reference is made to today's announcement concerning the signed plans to merge Solstad Offshore ASA ("SOFF" or "Solstad"), Farstad Shipping ASA ("Farstad") and Deep Sea Supply Plc ("DESSC"). This announcement contains further details about the transactions contemplated by the merger plans that were signed today by the board of directors of each of the companies.

Today's announcement marks an important milestone in the creation of the new, world-leading OSV company, "Solstad Farstad". The company will have a fleet of 154 offshore service vessels and be world-leading in its segments. The combined company will continue to play an important role in the restructuring of the OSV industry. Aker Capital AS and John Fredriksen's Hemen Holding Limited have industrial and financial expertise, and will in their capacity as active owners support "Solstad Farstad" in a demanding market with opportunities.

The board of directors of SOFF, Farstad and DESSC are of the opinion that it is necessary to conduct a consolidation of the industry in which the companies are operating. Subject to the completion of the proposed combination (the "Combination"), the new consolidated group, "Solstad Farstad", will build on the complementary strengths of the three companies, combining the existing Solstad's CSV capabilities with Farstad's AHTS experience and long-standing position in Brazil and Australia, together with DESSC's cost efficient PSV operating model.

"I'm pleased to see that the merger process is on track. Now we will focus on the important work with the integration process. The three administrations are working closely to shape the operations and organization of the new company. At the same time we will continue to operate as normally, with high operational performance, providing services to customers with dedication", Lars Peder Solstad, CEO of Solstad Offshore ASA, comments.

The combined company will operate a global fleet of 33 CSV, 66 PSV and 55 AHTS vessels active in all key offshore regions. In addition, DESSC has ordered three aquaculture vessels through a joint venture (the "JV") 50/50 owned by DESSC and Marine Harvest Norway AS. The proposed Combination is expected to enable the realization of substantial synergies estimated to be in the range of NOK 400-650 million annually. The new consolidated group, "Solstad Farstad", will be headquartered out of Skudeneshavn, Norway.

At the extraordinary general meeting to be held in Solstad for the purposes of adopting the Combination, a new board of directors will be proposed for election. Terje Vareberg will be proposed to continue as chairman of Solstad following the planned Combination. In addition, the nomination committee of Solstad will, prior to the date of the extraordinary general meeting, put forward a proposal for a new board of directors to be elected with effect from completion of the planned Combination. The nomination committee will for these purposes consult with the largest shareholders of the combined company, including Aker Capital AS, Hemen Holding Limited and the Solstad and Farstad families.

Parties to the transactions, transaction structure

To facilitate the combination of the three companies, the board of directors of SOFF, Farstad, DESSC and Solstad's relevant subsidiaries, into which Farstad and DESSC will be merged, have today agreed on the following merger plans:

- (i) merger plan between SOFF, Farstad and SOFF's wholly owned subsidiary Solship Invest 2 AS ("Solship Invest 2") to merge Farstad with Solship Invest 2 with the latter as the surviving entity and with settlement in ordinary SOFF shares to the shareholders of Farstad (the "SOFF-Farstad Merger");
- (ii) merger plan between DESSC and Solship Sub AS ("Solship Sub"), a wholly owned subsidiary of SOFF's wholly owned subsidiary Solship Invest 3 AS' ("Solship Invest 3"), to merge DESSC with Solship Sub in a cross border merger with the latter as the surviving entity and with settlement in shares in Solship Sub to the shareholders of DESSC (the "DESSC Merger 1"); and
- (iii) merger plan between SOFF, Solship Invest 3 and Solship Sub to merge Solship Sub with Solship Invest 3 with the latter as the surviving entity and with settlement in ordinary SOFF shares to the shareholders of Solship Sub (the "DESSC Merger 2").

The three mergers are collectively referred to as the "Mergers". Completion of the Mergers shall take place in parallel, and completion of each of the mergers is dependent upon completion of the other two mergers.

As a condition for completion of the Mergers, a NOK 200 million private placement of SOFF shares shall be directed towards Hemen Holding Ltd ("Hemen") (a company indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family) at a subscription price of NOK 12.50 per share, implying a subscription by Hemen of 16,000,000 new SOFF shares. Furthermore, SOFF's existing NOK 250 million convertible loan from Aker Capital AS ("Aker"), a wholly owned subsidiary of Aker ASA, shall be converted to shares or discharged by exercise of warrants, in each case at a subscription price of NOK 12.50, resulting in 20,000,000 new shares for Aker. In addition, SOFF's class A and class B shares shall be converted into one class of ordinary shares.

Other conditions for completion of the Mergers include, among other things, the receipt of all required consents from bank lenders, bondholders (as applicable) and other contracting parties, necessary approvals from competition and other regulatory authorities, the harmonisation of existing financing agreements of SOFF and DESSC with the amended financing terms of Farstad's financing agreements, as well as the continued listing of SOFF on the Oslo Stock Exchange.

Consideration, settlement model

The SOFF-Farstad Merger will be a statutory triangular merger and follow the provisions of chapter 13 of the Norwegian Public Limited Liability Companies Act. The merger will be based on an agreed exchange ratio of 0.028 SOFF shares per Farstad share, based on a pricing of the Farstad share at NOK 0.35 and the SOFF share at NOK 12.50.

The DESSC Merger 1 will be a cross-border (European) merger and follow the provisions of the Norwegian Public Limited Liability Companies Act Section 13-25 – Section 13-36 and the Cyprus rules on cross-border mergers in the Cyprus Companies Law, Cap 113 section 201 (I-X). DESSC will be merged with Solship Sub with the latter as the surviving entity. The exchange ratio of the DESSC Merger 1 is based on the fact that Solship Sub prior to DESSC Merger 1 will be an empty company due to a reduction in capital completed immediately prior to the merger. Based on actual value of DESSC and Solship Sub, the exchange ratio will therefore be 1 Solship Sub share per DESSC share (exchange ratio 1:1). For this reason, the exchange ratio of the DESSC Merger 2, see below, can be

based on the agreed share price in DESSC even though such shares will be exchanged for shares in Solship Sub in the DESSC Merger 1.

The DESSC Merger 2 will be a statutory triangular merger and follow the provisions of chapter 13 of the Norwegian Public Limited Liability Companies Act. The merger will be based on an agreed exchange ratio of 0.1052631578947368 SOFF shares per Solship Sub share, based on a pricing of the SOFF shares at NOK 12.50 and the Solship Sub share at NOK 1.31578947368421. In the determination of the price per share in Solship Sub, the parties have based the calculations on the values and thereby the share price in DESSC prior to the DESSC Merger 1.

Assuming completion of the Combination, the issued number of shares in SOFF is expected to be increased to 291,532,299. SOFF's principal shareholders will be Aker, who will hold in aggregate 67,332,983 shares (23.1 %) together with its affiliate Ocean Yield ASA, and Hemen, who will hold 46,961,289 shares (16.1 %).

The board of directors of SOFF is in the process of preparing an information memorandum which will comprise relevant information about the Combination. The information memorandum is expected to be approved by the Oslo Stock Exchange in early May 2017 and will be subject to separate announcement and publication by SOFF.

Timetable

The merger plans with appendices have been published on www.newsweb.no under tickers "SOFF", "FAR" and "DESSC". In addition, the merger plans will be published today on the websites of SOFF, Farstad and DESSC respectively, www.solstad.no, www.farstad.com and www.deepseasupply.no. The merger plans are expected to be registered with the Norwegian Register of Business Enterprises (Nw: Foretaksregisteret) today. The merger plan for the DESSC Merger 1 with its related particulars will also be published in the Official Gazette of the Republic of Cyprus.

Extraordinary general meetings to adopt the Combination shall be held on 25 April 2017 with summons (notices) of the general meetings to be issued today. Following general meeting approvals, a six week creditor notification period will commence and is expected to expire on or about 6 June 2017. Completion of the Combination with listing of the consideration shares is expected to take place shortly thereafter, subject to all conditions for closing being fulfilled (as further detailed above). The Mergers are supported by the largest shareholders and major creditors of SOFF, Farstad and DESSC.

Significance of the transaction for SOFF, Farstad and DESSC

If completed, the Combination will create the largest company in the high-end global offshore supply vessel industry with a fleet of 154 vessels. When including all vessel classes and lower spec vessels, the company will rank fourth globally. The company will operate a fleet of 33 CSV, 66 PSV and 55 AHTS vessels deployed globally in all deep water hubs. Furthermore, DESSC has established a 50/50 owned JV with Marine Harvest Norway AS to serve the growing market for vessel based support services for the fish farming industry. The JV has three vessels under order, and the ambition is to grow significantly over the next years.

If completed, the Combination is expected to provide Farstad, Solstad and DESSC with an industrial platform to sustain the current downturn in the OSV market and be well positioned to exploit a market recovery. The board of directors of the three companies consider this to be a necessary structural measure that will enable the combined company to achieve significant synergies through more efficient operations and a lower cost base.

Solstad Offshore ASA (to be renamed "Solstad Farstad") will be the parent company in the consolidated group and will have support of two of the strongest participants in the shipping and offshore sector through Hemen and Aker. Farstad and DESSC will cease to exist as separate entities as a result of the Mergers.

Agreements to the benefit of board members or management in SOFF, Farstad or DESSC (if any)

Ellen Solstad and Lars Peder Solstad of the Solstad family, who through their related companies hold shares in Solstad Offshore ASA, are a member of the board of directors and the Chief Executive Officer, respectively, of Solstad Offshore ASA.

The employment agreement with the Chief Executive Officer of Farstad contains a provision to the effect that if he resigns from his position or his employment is terminated because of a change to the controlling stake (buy-out) of Farstad, he is entitled to compensation corresponding to two years' salary.

Frank Ove Reite, CFO of Aker ASA, is a member of the board of directors of Solstad Offshore ASA.

Audun Stensvold, Investment Director of Aker ASA, is a member of the board of directors of Farstad Shipping ASA.

Summons to EGM

The respective board of directors of all participating companies will today summon their shareholders to extraordinary general meetings to be held in each company on 25 April 2017 to resolve the proposed Mergers. Notices will be attached to separate stock exchange announcements to be released by the respective companies later today.

For further information, please contact:

Lars Peder Solstad, Chief Executive Officer of Solstad Offshore ASA at +47 913 18 585 or Sven Stakkestad, Deputy Chief Executive Officer of Solstad Offshore ASA at +47 905 15 802.

Karl-Johan Bakken, Chief Executive Officer of Farstad Shipping ASA at +47 901 05 697 or Olav Haugland, Chief Financial Officer of Farstad Shipping ASA at +47 915 41 809

Anders Hall Jomaas, Chief Financial Officer of Deep Sea Supply Plc at +47 400 42 918.

Additional information about Solstad, Farstad and DESSC

Solstad:

Solstad is an integrated shipping company providing services to petroleum related offshore activities. The company operates a fleet of 61 wholly and jointly owned high specification vessels, including 26 CSVs, 16 AHTS and 19 PSVs. The majority of the vessels are equipped to carry out projects over and above traditional supply and anchor-handling services. Activities also include projects for the development of offshore wind farms. Solstad's vessels are managed from offices in Skudeneshavn (head office), Aberdeen, Rio de Janeiro, Singapore and Perth. As per 31 December 2016, the group had 1420 employees of which 1239 are maritime employees and 181 are administrative staff.

The board of directors of Solstad currently has the following members:

Name	Position	Served since	Term expires
Terje Vareberg	Chairman	2011	2017
Toril Eidesvik	Board Member	2005	2017
Anders Onarheim	Board Member	2014	2018
Ellen Solstad	Board Member	2016	2018
Frank Ove Reite	Board Member	2016	2018

Solstad is managed by the following team:

Name	Position	Employed since
Lars Peder Solstad.....	Managing director	1992
Sven Stakkestad	Deputy Managing Director	1983
Hans Knut Skår	Chief Commercial Officer	2001
Tor Inge Dale	Chief Operational Officer	2008
Eivind Kvilhaug	Chief Financial Officer	2005

Solstad's share capital is NOK 177,373,642, divided into 88,686,821 shares, each share having a par value of NOK 2, divided into 70,687,377 class A shares and 17,999,444 class B shares.

Please find below certain key consolidated financial figures (all in NOK million):

	Q4		Year			
	2016 <i>(unaudited)</i>	2015 <i>(unaudited)</i>	2016 <i>(unaudited)</i>	2015 <i>(audited)</i>	2014 <i>(audited)</i>	2013 <i>(audited)</i>
<i>In NOK million</i>						
Total operating income	475.5	705.0	2,583.7	3,656.0	3,880.2	3,626.1
Profit (loss) before tax	-1,496.8	-1,351.0	-815.2	-1,579.2	144.7	541.2
Profit (loss) for the period	-1,497.8	-1,357.9	-827.9	-1,604.2	113.3	484.7
Total assets	22,357.0	16,236.2	22,357.0	16,236.2	17,746.0	15,025.1
Total equity	3,454.2	3,667.6	3,454.2	3,667.6	5,057.5	4,954.3
Total liabilities	18,902.7	12,568.6	18,902.7	12,568.6	12,688.5	10,070.9

Further information about the Solstad Offshore group can be found in the SOFF prospectus dated 9 September 2016, available at www.solstad.no.

Farstad:

Farstad and its subsidiaries engage in shipping from the Norwegian head office in Ålesund and operate within the business areas anchor handling tug service, platform supply vessel service and subsea operations. The Farstad group's fleet consists of 56 vessels, including 27 AHTS vessels, 22 PSVs and 7 SUBSEA vessels. As of 31 December 2016, Farstad has around 1,500 employees, of which 1,325 are maritime employees and 175 are administrative staff. The Farstad group has offices in Ålesund (56 employees), Aberdeen (3 employees), Perth (45 employees), Singapore (15 employees), Macaé and Rio de Janeiro (56 employees).

As at the date of this announcement, Farstad's board of directors consists of three individuals. The names and positions and current term of office of the board of directors of Farstad are set out in the table below.

Name	Position	Served since	Term expires
Sverre Andreas Farstad	Chairman	1988	2019
Audun Stensvold	Board Member	2017	2019
Merete Haugli	Board Member	2017	2019

As at the date of this announcement, Farstad's management team consists of four individuals. The names of the members of the management of Farstad, and their respective positions, are presented in the table below:

Name	Position	Employed since
Karl-Johan Bakken.....	Chief Executive Officer	1999
Olav Haugland	Chief Financial Officer	2016
Knut Åsebø	Chief Human Resources Officer	2016
Svein Helge Guldteig.....	Chief Operating Officer	2015

As at the date of this announcement, Farstad's share capital is NOK 243,177,033.95, divided into 4,863,540,679 shares, each share having a par value of NOK 0.05.

Please find below certain key consolidated financial figures (all in NOK million):

	Q4		Year			
	2016	2015	2016	2015	2014	2013
<i>In NOK million</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total operating income	523.7	939.9	2,692.0	4,011.1	4,368.9	4,007.2
Profit (loss) before tax	(2,342.5)	(1,252.6)	(3,520.5)	(2,086.3)	(7.0)	280.0
Profit (loss) for the period	(2,382.6)	(1,310.9)	(3,600.3)	(2,170.0)	(8.3)	260.1
Total assets	13,537.7	18,126.0	13,537.7	18,126.0	19,394.5	17,537.1
Total equity	986.6	4,344.1	986.6	4,344.1	6,624.8	6,878.0
Total liabilities	12,551.1	13,781.9	12,551.1	13,781.9	12,769.7	10,659.1

For further information about Farstad and the Farstad group, please be referred to the Farstad prospectus dated 13 March 2017, available at www.farstad.com, www.abgsc.no and www.paretosec.com.

DESSC:

Deep Sea Supply Plc is a Cyprus based offshore supply company with a modern fleet of anchor handling tug and supply vessels (AHTS) and platform supply vessels (PSVs) operating worldwide. The group operates 37 vessels of which 12 are AHTS vessels and 25 are PSVs. The parent company is domiciled in Limassol, Cyprus, and the group has 58 onshore employees and offices in Cyprus (5 employees), Norway (16 employees), Singapore (18 employees), Ukraine (4 employees) and Brazil (15 employees).

As at the date of this announcement, DESSC's board of directors consists of four individuals. The names and positions and current term of office of the board of directors of DESSC are set out in the table below.

Name	Position	Served since	Term expires
Harald Thorstein	Chairman	2013	2017
Neophytos Neophytou	Board Member	2015	2017
Hans Petter Aas	Board Member	2013	2017
Edwyn Neves	Board Member	2016	2018

As at the date of this announcement, DESSC's management team consists of four individuals. The names of the members of the management of DESSC and their respective positions are presented in the table below:

Name	Position	Employed since
Jon Are Gummedal	Chief Executive Officer	2014
Anders Hall Jomaas	Chief Financial Officer	2007
Tallak Strandenæs	Chief Commercial Officer	2014
Trond Erling Andersen.....	HSEQ Director	2015

As at the date of this announcement, DESSC's share capital is USD 5,826,604, divided into 291,330,222 shares, each share having a par value of USD 0.02.

Please find below certain key consolidated financial figures (all figures in NOK million; for translation from USD to NOK, average exchange rates were used for profit & loss figures whereas closing rates were used for balance sheet figures):

	Q4		Year			
	2016	2015	2016	2015	2014	2013
<i>In NOK million</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total operating income	77.2	124.1	273.8	565.5	555.0	347.4
Profit (loss) before tax	(869.1)	(1,343.0)	(1,411.0)	(1,220.0)	(4.6)	591.1
Profit (loss) for the period	(869.1)	(1,343.0)	(1,412.3)	(1,221.5)	(5.6)	588.9
Total assets	6,794.6	5,389.7	6,794.6	5,389.7	5,946.4	2,671.8
Total equity	1,116.9	2,550.6	1,116.9	2,550.6	3,295.4	1,573.8
Total liabilities	5,677.7	2,839.1	5,677.7	2,839.1	2,651.0	1,098.0

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.