

EXMAR to create an Integrated LNG Company with FLEX and GEVERAN

EXMAR is pleased to announce that it has agreed with Flex LNG ("FLEX or the Company") and Geveran Trading Co. Ltd. ("GEVERAN") (a company indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family) on the main terms of a transaction whereby GEVERAN's Liquefied Natural Gas ("LNG") assets and EXMAR's LNG assets and Liquefied Natural Gas Infrastructure ("LNGI") will be contributed to the Company, which already owns LNG assets, in exchange for new shares in the Company issued to EXMAR and GEVERAN (the "Transaction").

The Company will be known as EXMAR LNG Ltd following the Transaction, which is expected to close during the 3rd Quarter of 2015, subject to satisfaction of certain conditions, including satisfactory due diligence, agreement on definitive transaction documents, shareholder approvals, receipt of all stakeholders approvals and receipt of all regulatory and financial institutions approval.

Upon completion of the Transaction, the Company will own interests mainly in:

- Six (6) LNG carriers ("LNGc"), out of which four (4) are under construction and will be the most recent generation of LNG carriers with Main Engine Gas Injection (MEGI) propulsion system,
- Five (5) Floating Storage and Regasification Units ("FSRU"), of which one (1) is under construction to become the world's first regasification barge,
- Two (2) Floating Liquefaction Units ("FLNG") currently under construction of which **Caribbean FLNG** which will be the world's first FLNG unit to be delivered in the 1st Quarter 2016 under a long - term contract to Pacific Rubiales (ticker: PRE),
- A total of 80 years of combined firm time charters with reputable companies, whereof the six sailing units will have on average 11 years firm contracts and the **Caribbean FLNG** will have 15 years firm contract from delivery, and
- A total of 5 different exclusivity agreements in FLNG and 4 different exclusivity agreements in FSRU.

Upon completion of the Transaction, the Company will have an estimated enterprise value of approximately USD 2.3 billion and an equity value of approximately USD 823.3 million, creating one of the largest independent floating LNG infrastructure players in the market.

Upon completion of the Transaction, EXMAR will own 323,723,775 shares in the Company, equaling 64.6 per cent of the outstanding shares and votes, and GEVERAN will own 153,748,561 shares in the Company, equaling 30.7 per cent of the outstanding shares and votes (in each case subject to adjustments as described below). As a result, EXMAR will trigger an obligation to make a mandatory offer for the remaining shares in the Company within four weeks of the completion of the Transaction pursuant to chapter 6 of the Norwegian securities trading act. GEVERAN has undertaken not to tender its shares in the mandatory offer.

The Company will be integrating liquefaction, shipping and regasification assets, effectively becoming a one-stop-shop along the LNG value chain and covering the full spectrum from small scale to large scale floating LNG infrastructure solutions. The ambition is to pursue further growth within the LNG value chain. The Company has a significant portfolio of ongoing commercial tender projects and exclusive partnering



EXMAR to create an Integrated LNG Company with FLEX and GEVERAN

agreements. The intention is to finance such growth with cash generated from existing projects, private and public debt and potentially new equity.

The Company intends to remain listed on Oslo Axess under its new name, and will prepare a listing prospectus for the shares to be issued in connection with the Transaction.

Nicolas Saverys (Chief Executive Officer of EXMAR) commented: *"We are excited about this new combination of strength with FLEX LNG and GEVERAN. This new venture will enable us to create shareholders' value for the long term and will allow us to continue to grow in all segments of the LNG value chain. We are deeply committed to making this a success for all stakeholders and existing as well as future customers."*

Commenting on the Transaction, John Fredriksen said: *"I have known Nicolas Saverys and EXMAR for more than 30 years. They have developed an impressive technical platform within the LNG industry. Together I believe we are uniquely positioned to grow and develop this company to the benefit of all shareholders. I am very enthusiastic about this partnership."*

David McManus, chairman of the board of directors of FLEX LNG said: *"Since completing the restructuring of the Company it was clear that the next step was to create strong partnerships with industry players to grow the company into a major force in the LNG value chain. This process started with the investment in the Company by GEVERAN and I believe that now combining our efforts with EXMAR, a company that has been at the forefront of the technological developments for decades, positions the Company to maximize shareholders' value in the long term."*

The Transaction

Pursuant to the Transaction, EXMAR will transfer its LNG and LNGi assets and projects to the Company by way of the Company acquiring 100% of the shares in EXMAR's subsidiary, Exmar Energy Hong Kong Limited ("EXMAR ENERGY HK") in exchange for 323,723,775 new shares in the Company. EXMAR ENERGY HK's main assets will be 50% ownership stakes in two (2) existing LNG carriers, five (5) Floating Storage and Regasification Units (FSRU), of which one is under construction to become the world's first regasification barge, and 100% ownership stakes in two (2) Floating Liquefaction Units (FLNG) currently under construction. The parties have agreed that up to 45,221,115 of the shares issued to EXMAR are callable by FLEX contingent on the achieved earnings from the **Caribbean FLNG** vessel.

Further, GEVERAN will, through its affiliates, transfer two (2) LNG vessels under construction to the Company in exchange for 49,566,724 shares in the Company. The acquisition will be completed by way of the Company acquiring 100 % of the shares in Special Purpose Vehicles (SPVs).

All share amounts are subject to adjustments for actual balance items on credit/debt basis as per audited figures on 30th June 2015.





01/07/2015

7.45 am
Regulated information

EXMAR to create an Integrated LNG Company with FLEX and GEVERAN

The relative valuation between FLEX, EXMAR and GEVERAN is based upon multiple valuation principles. The FLEX and GEVERAN valuations are based upon the contracting price of their shipbuilding contracts and other incurred costs related to the construction process. A similar approach is applied on the uncontracted EXMAR shipbuilding contracts, while existing vessels and the Caribbean FLNG valuation is based on various cash flow and multiple assessments. As basis for its considerations, the Company's board has among other things received a fairness opinion from Arctic Securities AS which concludes that the shares to be issued to GEVERAN and EXMAR represent a fair compensation from the Company for entering into the Transaction.

The Company will in due course send a notice of extraordinary general meeting to approve relevant aspects of the Transaction (including issuance of the consideration shares). The Company will also propose to change the composition of its board of directors as a result of the new ownership structure in the Company. Following completion of the Transaction, it is expected that the Company will have Nicolas Saverys as Chairman of the Board and Bart Lavent as its Chief Executive Officer.



Contact : Miguel de Potter – CFO +32 3 247 56 70 www.exmar.be