

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or as to the contents of this document, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended (“FSMA”), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or have otherwise transferred all your ordinary shares of 5 pence each (“**Ordinary Shares**”) in the share capital of Lamprell plc (the “**Company**” or “**Lamprell**” and, together with its subsidiary undertakings from time to time, the “**Group**”), please send this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, save in the circumstances set out below. If you sell or have sold or have otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale was effected.

The distribution of this document and/or the accompanying documents and/or the transfer of Ordinary Shares in or into jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

Lamprell plc



(Incorporated and registered in the Isle of Man under the Companies Acts 1931 to 2004 (as amended) with registered number 117101C)

**Proposed joint venture relating to the Maritime Yard within the King Salman
International Complex for Maritime Industries & Services
and
Notice of Extraordinary General Meeting**

Investec Bank plc

Sponsor and Financial Adviser

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Lamprell which is set out on pages 3 to 16 of this document and the unanimous recommendation of the Board that you vote in favour of the resolution to be proposed at the General Meeting referred to below. Your attention is also drawn to the risk factors set out in Part II (*Risk Factors*) of this document for a discussion of certain factors which should be taken into account in considering the matters contained in this document.

A notice of an extraordinary general meeting of Lamprell plc, to be held at 7th Floor, Jumeirah Emirates Tower, Sheikh Zayed Road, Dubai, United Arab Emirates at 10.00 a.m. (UAE time) on 26 June 2017 (the “**General Meeting**”), is set out at the end of this document. A form of proxy for the General Meeting (“**Form of Proxy**”) is enclosed. Whether or not you intend to be present at the General Meeting, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed on it as soon as possible, but in any event so as to reach the Company’s registered office by no later than 7.00 a.m. (London time)/10.00 a.m. (UAE time) on 22 June 2017 (or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting). Completion and return of the Form of Proxy or using the CREST electronic proxy appointment service will not prevent Shareholders from attending, speaking and voting at the General Meeting in person, should they so wish.

Investec Bank plc (“**Investec**”), which is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated in the United Kingdom by the Financial Conduct Authority (“**FCA**”) and the PRA, is acting exclusively for the Company as sponsor and financial adviser and for no one else in connection with the proposed joint venture between Saudi Aramco Development Company (a wholly-owned subsidiary of Saudi Arabian Oil Company, the national oil company of the Kingdom of Saudi Arabia), the National Shipping Company of Saudi Arabia, Hyundai Heavy Industries Co. Ltd. and Maritime Offshore Limited (a wholly owned subsidiary of Lamprell) with respect to the establishment, development and operation of a maritime yard for the construction, maintenance and repair of offshore drilling rigs and vessels which is to form part of the complex known as “The King Salman International Complex for Maritime Industries & Services”, as further described in this document (the “**Transaction**”), and will not be responsible to anyone other than the Company for providing the protections afforded to the clients of Investec Bank plc or for giving advice in relation to the Transaction or the contents of this document or any transaction, arrangement or matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Investec by FSMA or the regulatory regime established thereunder, Investec does not accept any responsibility whatsoever nor makes any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with Lamprell, the Transaction or anything described in this document, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Investec accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR, SECURITIES IN ANY JURISDICTION.

The delivery of this document shall not imply that there has been no change in the Company’s affairs or that the information set forth in this document is correct as of any date subsequent to the date hereof.

This document is dated 31 May 2017.

TABLE OF CONTENTS

	<u>PAGE</u>
DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS	1
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	2
PART I—LETTER FROM THE CHAIRMAN OF LAMPRELL PLC	3
PART II—RISK FACTORS	17
PART III—PRESENTATION OF INFORMATION	26
PART IV—UNAUDITED PRO FORMA FINANCIAL INFORMATION	28
PART V—PRINCIPAL TERMS OF THE TRANSACTION	33
PART VI—ADDITIONAL INFORMATION	41
PART VII—DEFINITIONS	45
PART VIII—DOCUMENTS INCORPORATED BY REFERENCE	48
NOTICE OF EXTRAORDINARY GENERAL MEETING	49

(This page has been left blank intentionally.)

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	John W. Kennedy (<i>Non-executive Chairman</i>) Christopher McDonald (<i>Chief Executive Officer</i>) Antony Wright (<i>Chief Financial Officer</i>) Ellis Armstrong (<i>Senior Independent Non-Executive Director</i>) John Malcolm (<i>Independent Non-Executive Director</i>) Mel Fitzgerald (<i>Independent Non-Executive Director</i>) Debra Valentine (<i>Independent Non-Executive Director</i>) Nicholas Garrett (<i>Non-Executive Director</i>)
Company Secretary and General Counsel	Alex Ridout
Registered Office	Fort Anne Douglas Isle of Man IM1 5PD
Sponsor, financial adviser and joint corporate broker	Investec Bank plc 2 Gresham Street London EC2V 7QP United Kingdom
Legal Advisers to the Company as to English law	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA United Kingdom
Reporting Accountants to the Company	PricewaterhouseCoopers Building 4, Level 8 Emaar Square P.O. Box 11987 Dubai United Arab Emirates
Registrar	Capita Registrars (Isle of Man) Limited Clinch's House Lord Street Douglas Isle of Man IM99 1RZ

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>Event</u>	<u>Expected time/date</u>
Announcement of the Transaction	10.00 a.m. (UAE time) on 31 May 2017
Posting of this document and the Form of Proxy	31 May 2017
Latest time and date for receipt of Forms of Proxy	10.00 a.m. (UAE time) on 22 June 2017
General Meeting	10.00 a.m. (UAE time) on 26 June 2017
Expected date for fulfilment of all conditions precedent under the Shareholders' Agreement	30 November 2017
Long-stop date for fulfilment of all conditions precedent under the Shareholders' Agreement	31 May 2018

Notes:

- (1) Future dates are indicative only and are subject to change, in which event details of the new times and dates will be notified, where appropriate.
- (2) All times in this document are UAE time, GMT + 4 hours, unless otherwise stated.

PART I—LETTER FROM THE CHAIRMAN OF LAMPRELL PLC

(Incorporated and registered in the Isle of Man under the Companies Acts 1931 to 2004 (as amended) with registered number 117101C)

Directors:

John W. Kennedy (*Non-executive Chairman*)
Christopher McDonald (*Chief Executive Officer*)
Antony Wright (*Chief Financial Officer*)
Ellis Armstrong (*Senior Independent Non-Executive Director*)
John Malcolm (*Independent Non-Executive Director*)
Mel Fitzgerald (*Independent Non-Executive Director*)
Debra Valentine (*Independent Non-Executive Director*)
Nicholas Garrett (*Non-Executive Director*)

Registered Office:

*Fort Anne
Douglas
Isle of Man
IMI 5PD*

31 May 2017

Dear Shareholder

**Proposed joint venture relating to the Maritime Yard within
the King Salman International Complex for Maritime Industries & Services
and
Notice of Extraordinary General Meeting**

1. Introduction

On 31 May 2017, the Lamprell board of directors announced that the Company's wholly-owned subsidiary, Maritime Offshore Limited ("**Maritime Offshore**"), had entered into an agreement with Saudi Aramco Development Company (a wholly-owned subsidiary of Saudi Arabian Oil Company, the national oil company of the Kingdom of Saudi Arabia) ("**Saudi Aramco**"), the National Shipping Company of Saudi Arabia ("**Bahri**") and Hyundai Heavy Industries Co. Ltd. ("**HHI**") pursuant to which the parties thereto (the "**JV Partners**") have agreed to participate in a joint venture with respect to the establishment, development and operation of a maritime yard for the construction, maintenance and repair of offshore drilling rigs and vessels (the "**Maritime Yard**") which is to form part of the complex known as "The King Salman International Complex for Maritime Industries & Services" (the "**Complex**"). It is intended that a new limited liability company will be established under the laws of the Kingdom ("**JVCo**") by the JV Partners to operate, maintain and manage the Maritime Yard. Please see Part V (*Principal terms of the Transaction*) of this document for details of the principal terms of the Transaction.

Due to (i) the size of the Group's significant financial commitment to the proposed joint venture in relation to the size of Lamprell; and (ii) the nature of certain terms of the Transaction (including certain exit provisions under which the Group could be required to sell its interest in the proposed joint venture in circumstances in which the Company may not have sole discretion), the Transaction is classified under the listing rules made by the FCA under section 73A of FSMA (the "**Listing Rules**") as a class 1 transaction and accordingly requires the approval of Shareholders. The General Meeting has been convened for the purpose of approving the Transaction and will be held at 7th Floor, Jumeirah Emirates Tower, Sheikh Zayed Road, Dubai, United Arab Emirates at 10.00 a.m. (UAE time) on 26 June 2017. A notice of the General Meeting at which Shareholder approval will be sought for the Transaction is set out at the end of this document.

The Board considers the Transaction to be in the best interests of Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the ordinary resolution to approve the Transaction (the "**Resolution**") at the General Meeting, as those Directors holding Ordinary Shares intend to do (or procure to be done) in respect of the Ordinary Shares in which they have a beneficial interest.

The purpose of this document is to: (i) explain the background to and reasons for the Transaction; (ii) explain why the Board considers the Transaction to be in the best interests of Shareholders as a whole; and (iii) convene the General Meeting to seek Shareholder approval for the Transaction. In this respect, this document should be read in its entirety and you should not rely solely on the information in this Part I. Your attention, in particular, is drawn to the risk factors set out Part II (*Risk Factors*) of this document.

2. Background to and reasons for the Transaction

2.1 Background to the Transaction

The King Salman International Complex for Maritime Industries & Services is a commercial maritime project located in Ras al-Khair in the eastern province of the Kingdom. The Complex is intended to help drive the Kingdom's economic diversity and growth, and localise energy sector industries through the creation of a number of projects that will provide the cornerstone for the growth and development of supply chains. It also is intended to position the Kingdom as a technological centre with world class expertise in the field of marine engineering and construction in the region in furtherance of the Kingdom's "Vision2030" strategy.

The Government of the Kingdom has supported this strategic national project by agreeing to fund the infrastructure for the Complex and by commissioning Saudi Aramco to lead the implementation of the project in line with the Government's vision for the Complex. Saudi Aramco's studies for the establishment of a giant maritime industries complex began in early 2013 and involved discussions with various potential partners in relation to different aspects of the Complex.

The "anchor project" within the Complex will be the Maritime Yard. It is proposed that the Maritime Yard will be established by the JV Partners, led by Saudi Aramco and operated, managed and maintained by JVCo, providing construction, maintenance and repair of offshore drilling rigs and vessels (as well as potentially other business streams in the longer term).

As the Maritime Yard will include areas dedicated to the construction of jackup drilling rigs and the provision of maintenance, repair and overhaul ("MRO") services for jackup drilling rigs, Saudi Aramco required a partner with the necessary expertise and experience in the new build jackup drilling rig sector. In November 2015, Saudi Aramco initiated discussions with Lamprell as a potential partner specifically in relation to the development and operation of this rig fabrication area and on 25 January 2016, Lamprell signed a memorandum of understanding with Saudi Aramco, Bahri and HHI in connection with the proposed joint participation by the parties in the Maritime Yard.

Following a period of initial due diligence and assessment of the project by Saudi Aramco, Bahri, HHI and Lamprell, the JV Partners entered into a joint development agreement on 31 May 2016. Since the signing of the joint development agreement and given the complexity of the proposed project, the JV Partners have conducted extensive analysis of the strategic and financial viability of the project and have undertaken significant preparatory steps towards the establishment of the proposed joint venture. The JV Partners have incurred certain costs in connection with these preparatory steps, which costs will be set off against, and thereby reduce, their respective investment commitments to JVCo. See paragraph 6.1 of this Part I for further information on Lamprell's expected financial commitment in relation to the Transaction.

On 29 November 2016, the King of Saudi Arabia, Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud inaugurated the Complex, which was named in his honour as the "King Salman International Complex for Maritime Industries & Services". The proposed Maritime Yard remains the "anchor project" within the Complex and negotiations between the JV Partners in relation to the Maritime Yard concluded on 31 May 2017 with the entry by them into the Shareholders' Agreement pursuant to which Lamprell (through Maritime Offshore) and the other JV Partners have committed (subject to Shareholder approval and fulfilment of certain other conditions precedent) to participation in the joint venture with respect to the establishment, development and operation of JVCo and the Maritime Yard.

2.2 Reasons for the Transaction

Over recent years, one of the principal elements of Lamprell's strategy has been to focus on its existing offering, namely new build jackup drilling rigs, offshore platforms, module construction, and oil and gas contracting services which includes the refurbishment and conversion of jackup drilling rigs and land rig services. Subsequent to its capital raising in 2014, the Company has undertaken a comprehensive yard investment programme upgrading and modernising equipment and work areas, warehouses, workflows and processes, and adding major fabrication systems. These enhancements were part of an overall capital investment programme under which Lamprell has successfully implemented a series of cost saving measures and productivity improvements designed to ensure that its yards remain amongst the most competitive in the world. The Directors believe that the success of these programmes has been an important factor in ensuring that Lamprell's position and reputation has been maintained and has also been beneficial to the conversion of a significant proportion of its bid pipeline, with Lamprell winning six new build jackup drilling rig orders in the year ended 31 December 2014 as well as a number of other smaller awards. These included significant awards from a subsidiary of Shelf Drilling Ltd., and from Ensco Intercontinental GmbH, Petrofac Emirates L.L.C. and

the National Drilling Company of Abu Dhabi. The Directors believe that the successful delivery of rigs under these orders has also served to enhance Lamprell's reputation for its expertise and track record in the new build jackup drilling rig market.

As part of Lamprell's focus on its existing offering, it has made considerable efforts towards diversifying its bid pipeline portfolio and broadening its client base and addressable markets. In September 2016, Lamprell entered into a US\$85 million contract with Jacktel AS, a wholly-owned subsidiary of Master Marine AS, for the fabrication of the extended legs and new suction caissons as part of the upgrade of a mobile operating unit to be used as an accommodation service vessel operating offshore of Norway. In November 2016, Lamprell entered into a US\$225 million contract with ScottishPower Renewables for the fabrication of multiple jackets and piles for the East Anglia One Offshore Wind Farm offshore of the United Kingdom. These were both new client wins for the Group.

Therefore, the Board believes that the Transaction is firmly aligned with Lamprell's overall strategy and core strengths and will benefit Lamprell by (i) providing access to the attractive Saudi market and to Saudi Aramco as a strategic partner; (ii) strengthening its position in the new build jackup drilling rig-building sector and enabling it to expand into complementary areas (such as MRO services, for vessels); and (iii) enabling it to generate revenue and benefit from efficiencies resulting from the rig building and other activities and services to be performed at the Maritime Yard.

(a) *Access to the Saudi market and Saudi Aramco*

The Transaction will provide the Company with a critical entry point into the Saudi market which, despite its long-standing regional presence in the Middle East, Lamprell has not accessed to a material extent to date. It will also significantly increase the Company's exposure to Saudi Aramco, the world's largest oil company, which has not been a material customer of the Group to date.

Saudi Arabia is one of the world's largest oil and gas producers and holder of approximately 18 per cent. of the world's proven petroleum reserves as at 31 December 2015 (*source: OPEC Annual Statistical Bulletin 2016*). While other markets have seen and are expected to continue to experience significant cuts or limited growth in capital expenditure in the sector, oil and gas activity and spending in Saudi Arabia has remained and is expected to remain relatively strong based upon the latest available data (*source: Wood Mackenzie Ltd 2017*).

Saudi Aramco, as the national oil company of the Kingdom, is expected to play a key role in supporting the continued strength of the Saudi energy market and has stated that it expects to spend more than US\$300 billion over the next decade, targeting 70 per cent. local content by 2021, including spending on infrastructure and projects to maintain oil capacity. The Directors believe as a result of this drive for localisation, under the proposed "In-Kingdom Total Value Add" programme (a programme designed to drive domestic value creation and maximize long-term economic growth) there is potential for positive pricing dynamics if a substantial proportion of products are produced in Saudi Arabia using the supply chain within the Kingdom. Further, in December 2016, Saudi Aramco announced joint ventures with each of Nabors Industries Ltd. and Rowan Companies plc to create two new national businesses focused on onshore and offshore drilling, respectively. Saudi Aramco has stated that these joint ventures will invest US\$6 billion to US\$7 billion to purchase onshore rigs and offshore jackup rigs, manufactured in Saudi Arabia by its manufacturing joint ventures (including JVCo). The Directors believe that the jackup drilling rig count will remain stable in Saudi Arabia for the foreseeable future, with the Kingdom requiring an average of 40-45 jackup drilling rigs per year during the period to 2025. Currently there are 44 jackup drilling rigs operating in the Kingdom, with two owned directly by Saudi Aramco (*source: IHS Petrodata March 2017*).

Therefore, through its participation in JVCo, Lamprell expects to benefit from Saudi Aramco's plans to invest in the new build jackup drilling rig market. This expectation is underpinned by a master offtake agreement in the first instance, pursuant to which Saudi Aramco's parent company, Saudi Arabian Oil Company, will agree to purchase, or procure the purchase, from JVCo of a minimum of 20 jackup drilling rigs, subject to certain conditions and as further described below.

As part of the selection of Lamprell as the preferred technical partner for the areas of the Maritime Yard dedicated to the construction of jackup drilling rigs and provision of MRO services for jackup drilling rigs (as described in paragraph 3 of this Part I), and through Saudi Aramco's work with the Company as part of the due diligence and project assessment, Lamprell is also in the process of seeking to pre-qualify with Saudi Aramco to enable the Company to bid from its existing UAE facilities for a significant pipeline of non-rig Saudi work under Saudi Aramco's Long-Term Agreement ("LTA") and General Bid Slate programmes.

Under the LTA programme, contractors enter into long-term agreements with Saudi Aramco to bid for offshore oil and gas producing platforms, tie-in platforms, pipelines, power cables, and all the related facilities required under the current master plan for Saudi Aramco's offshore fields. LTA contracts usually have a fixed duration with the option to be extended. Currently, there are only five companies that have entered into agreements under the LTA programme. The General Bid Slate is a panel of registered contractors who can be technically and commercially pre-qualified for specific scopes of work. Upon successful pre-qualification, those contractors can be considered in future contracting opportunities for that specific scope of work. Work under the LTA programme amounted to over US\$4 billion in 2016.

While no assurance can be given that Lamprell will be successful in pre-qualifying and pre-qualification does not assure Lamprell of any additional work from the LTA or General Bid Slate programmes, the Directors believe that if the Company was to pre-qualify that it could be competitive in such bids based on its deep technical expertise and extensive commercial knowledge from working in the Middle East for more than 40 years and its prior experience of constructing platforms, jackets and similar modules. Accordingly, the Directors believe that by becoming a strategic partner to Saudi Aramco, Lamprell would be able to gain access to and the opportunity to win new business in the short- and medium-term for its UAE yards. It is also consistent with Lamprell's strategic objective of growing its broader engineering, procurement and construction capabilities in the offshore platform sector.

(b) Strengthening its position in the new build jackup drilling rig sector and expansion into complementary areas

Lamprell will play an active role in the ramp up of the Maritime Yard as the technical partner responsible for providing expertise in managing and operating the areas of the Maritime Yard dedicated to the construction of jackup drilling rigs and provision of MRO services for jackup drilling rigs, as well as supporting JVCo's marketing activities, including through the introduction to potential clients.

As a condition under the Shareholders' Agreement, Lamprell Energy Limited (and the other JV Partners) will enter into a secondment agreement under which JVCo may request employees from the Group (and from the other JV Partners) be seconded to JVCo, subject to the availability of suitably qualified employees. Group secondees will be fully integrated into JVCo and the Maritime Yard and able to receive training from both the Group and JVCo to enable them to contribute more effectively. Secondees will be appointed for an initial one-year term, which may be renewed annually by JVCo for at least four years, or for such other term as the Group and JVCo may agree. JVCo will sponsor all non-Saudi national secondees and bear the costs of obtaining and maintaining required work permits, residency permits and/or visas for potential secondees and their dependents. JVCo will pay to the Group agreed rates for the provision of services by Group secondees, such rates to be dependent on the category of employee and which are expected to cover the remuneration payable by the Group to those secondees (which are not already paid by JVCo to the secondees). JVCo may also be required by law to pay specified employment costs and benefits to non-Saudi national secondees. The Group otherwise remains responsible for payment of all remuneration to its seconded employees. The costs for which Lamprell will be responsible under the secondment agreement are not expected to be material.

JVCo will also be able to subcontract a proportion of work to, and second its Saudi national workers to gain the necessary skills by working in, the Company's existing facilities in the United Arab Emirates. The Directors believe that this will be beneficial for JVCo because it will be able to generate revenue through this subcontracted work which, while the Maritime Yard's operations are ramping up, might not otherwise be able to be done at the Maritime Yard, and its employees will get direct and relevant training and experience working at fully operational yards.

As a result of the Transaction, and through participation in JVCo, the Directors believe that Lamprell will have exposure to a globally significant yard, with the Maritime Yard expected by Lamprell to be one of very few yards in the MENA region producing new rigs in the near-to-medium term. In the longer term, the Directors expect the Maritime Yard to focus on the Saudi and Middle Eastern markets, whilst Lamprell's yards in the United Arab Emirates will continue to focus on the wider international market as well as Middle Eastern markets. The Directors believe that this potential for increased activity across multiple markets should enable Lamprell to further expand its expertise in new build jackup drilling rig building which, in turn, should mean that Lamprell is well-placed to maintain its position as a leader in the new build jackup drilling rig sector, particularly in light of increasingly competitive market dynamics, and to bolster its reputation as a partner of choice.

(c) Revenue generation and production efficiencies

Ultimately, the Directors believe that the Transaction will enable Lamprell to extract value from its participation in JVCo through increased access to revenue generating opportunities and production efficiencies.

Since the collapse of energy prices in 2014, Lamprell has been operating against the backdrop of a challenging market environment with capital expenditure reductions across the oil and gas sector resulting in project delays and cancellations. In addition, as of March 2017, IHS Petrodata reported a negative outlook for the jackup drilling rig market with utilisation rates of 58 per cent. globally and 67 per cent. in the Middle East in March 2017. Some market analysts have predicted that the oil and gas sector will not begin to recover until late 2018. As a result, the new build jackup drilling rig market has been and continues to be particularly weak, caused by, amongst other things, excess supply and substantial reductions in global spending in offshore oil and gas projects. This has resulted in a very limited number of new orders globally since 2014. There were three new build jackup drilling rig orders in 2015 (of which Lamprell was awarded one) and, in 2016, there were no new orders reported. A recovery in the jackup drilling rig market, which will be subject to a variety of factors including supply and utilisation levels, should eventually lead to a recovery in the market for new build jackup drilling rigs. However, the placement of orders for new jackup drilling rigs is expected to lag any recovery in the market by several years.

It is a condition under the Shareholders' Agreement that Saudi Aramco's parent company, Saudi Arabian Oil Company, enter into a master offtake agreement pursuant to which it will agree to purchase, or procure the purchase, from JVCo of a minimum of 20 jackup drilling rigs (equating to two rigs per year for 10 years), as well as offshore support vessels and MRO services for the jackup drilling rigs and offshore support vessels operating on Saudi Arabian Oil Company's offshore assets, subject to certain conditions. The purchase price of each rig will be based on the prevailing and competitive market prices and calculated in accordance with best industry practice estimating processes. Against an uncertain and challenging market backdrop, Lamprell expects that JVCo will be one of a more limited number of companies globally that will be receiving orders for and building new jackup drilling rigs in the near-to-medium term, with the first orders from Saudi Arabian Oil Company (or its nominated party) expected in 2018 (ahead of any expected recovery of the overall market for new build jackup drilling rigs).

While its operations ramp up, JVCo is expected to subcontract out some of the rig component fabrication work that cannot yet be completed at the Maritime Yard. The Directors anticipate that if the Transaction is approved at the General Meeting and the Shareholders' Agreement becomes unconditional, Lamprell will be awarded interim subcontracted work from JVCo comprising significant component parts of the first two jackup drilling rigs to be constructed at the Maritime Yard. The Directors believe that this would be mutually-beneficial for the Maritime Yard and for Lamprell in that the JVCo would develop its own operational capabilities sooner and Lamprell would generate subcontract project revenues.

In addition, under the terms of the Shareholders' Agreement, Lamprell will seek to commit to subcontract certain of the work to be undertaken by its UAE yards to JVCo. See paragraph 8.1 of Part V (*Principal Terms of the Transaction*) for further information on this arrangement. The Directors believe that subcontracting work to the Maritime Yard will enable Lamprell to benefit from the Maritime Yard's expected efficiencies in scale, purchasing power and productivity, while also helping to accelerate development of the Maritime Yard, improve productivity there and ultimately improve both Lamprell's and JVCo's prospects for revenue generation, particularly in the early years of the Maritime Yard.

3. Information on the Complex, the Maritime Yard and the joint venture

3.1 The Complex

The Complex is to be located in Ras Al-Khair which is located approximately 90 kilometres to the north of the Jubail Industrial City on the Kingdom's east coast. Ras Al-Khair's location gives it a strategic and logistical advantage because of its proximity to oil and gas production and shipping facilities in the Eastern Province of the Kingdom.

As set out above, the Complex is intended to help drive the Kingdom's economic diversity and growth, and localise energy sector industries and is also intended to position the Kingdom as a technological centre with world class expertise in the field of marine engineering and construction in the region. The Complex is planned to be the base for a number of different maritime industrial and service businesses.

Saudi Aramco has indicated that the Ras Al-Khair area may in the future include an institute for maritime studies, research and development, with specialised curricula focusing on professions associated with the maritime industry. Saudi Aramco has also indicated that plans are in place to build a new institute specialising

in the development and training of young Saudis to work at the site, and develop the maritime industry in general. These plans are outside of the scope of JVCo.

3.2 *The Maritime Yard*

The Maritime Yard is the anchor project within the Complex. It will be designed to be able to meet the construction needs of offshore oil and gas rigs, offshore support vessels, very large crude carriers (“VLCCs”), and a variety of maritime equipment and commercial vessels, in addition to the provision of MRO services for all these products. Ultimately, it is expected to become a platform for integrated industries through the establishment of major development projects, and to help attract domestic and foreign investments, as well as new business projects.

When fully constructed, the Directors expect that the Maritime Yard will be the largest maritime yard in the Arabian Gulf in terms of production capacity and scale. The Directors currently expect that the Maritime Yard will become partially operational in 2019 and fully operational by 2022.

(a) *The Zones*

The area of the Maritime Yard is expected to be approximately 4.3 square kilometres, extending along the coast of Ras Al-Khair. It will comprise four main production zones (collectively, the “Zones”) as described below.

- The first zone (“**Zone A**”) will be dedicated to providing MRO services for jackup drilling rigs and commercial vessels. It is expected to have an area of 1.0 square kilometre comprising dry docks, wharves, finger piers and a ship lift. Zone A is expected to have the capacity by 2030 to service 15 rigs and 116 vessels annually. Partial construction of Zone A is expected to complete by July 2021 and final construction is expected to complete by September 2022.
- The second zone (“**Zone B**”) will be dedicated to the construction of, and providing MRO services for, offshore support vessels. It will have an area of 0.49 square kilometres and contain one wharf. Zone B is expected to have the capacity by 2030 to construct 47 new offshore support vessels and service approximately 116 offshore support vessels annually. Partial construction of Zone B is expected to complete by September 2021 and final construction is expected to complete by March 2022.
- The third zone (“**Zone C**”) will be dedicated to the construction of commercial vessels. It is expected to have an area of 1.83 square kilometres comprising dry docks, quay walls, wharves and finger piers. Zone C is expected to have the capacity by 2030 to construct 18 commercial vessels of different types annually. Partial construction of Zone C is expected to complete by January 2020 and final construction is expected to complete by October 2020.
- The fourth zone (“**Zone D**”) will be dedicated to the construction of jackup drilling rigs. It is expected to have an area of 1.0 square kilometre and contain one wharf. Zone D is expected to have the capacity by 2030 to construct four jackup drilling rigs annually. Partial construction of Zone D is expected to complete by May 2019 and final construction is expected to complete by April 2020.

(b) *Land and infrastructure*

The land at Ras al-Khair on which the Maritime Yard will be located is being developed by Saudi Aramco. It is a condition under the Shareholders’ Agreement that an agreement for lease be entered into between Saudi Aramco and JVCo, pursuant to which Saudi Aramco will be responsible for the works at the Maritime Yard to be funded by the Government. This includes dredging the harbour basin and part of the approach channel, part of which will be used to reclaim land for the Maritime Yard, building the marine structures, workshops (other than blasting and painting chambers), warehouses, offices and living quarters, and establishing utility and road access.

JVCo will be responsible for the works at the Maritime Yard relating to the specific requirements of the Zones. This includes building the blasting and painting chambers, engineering and procurement of process equipment, and equipment installation, utility tie-ins, testing and commissioning. The Directors expect that these works will be carried out by appropriately qualified construction contractors.

The aggregate cost of constructing the Maritime Yard is expected to be up to approximately US\$5.2 billion, approximately US\$3.5 billion of which will be funded by the Government to establish, prepare and construct the site and shared infrastructure. The remaining cost will be funded by JVCo.

Subject to Saudi Aramco completing its works at the Maritime Yard and being granted the necessary rights by the Government to act as landlord to JVCo, the land and shared infrastructure of the Maritime Yard will be

leased by Saudi Aramco to JVCo. The lease will have an initial 50-year term at a total cost of US\$38.5 million per annum in respect of the lease of the infrastructure and US\$458,933 per annum in respect of the lease of the land, and will be renewable for a further 50 years, subject to agreement of the terms of such renewal. The lease will commence only once all four Zones have been handed over to JVCo following issuance of sectional taking over certificates for each Zone, which is expected to occur on a staggered basis with the final handover not expected to occur until 2022 (although the handover dates are not fixed and remain subject to the award of engineering, procurement and construction packages by Saudi Aramco as landlord in respect of the works to be undertaken to construct the yard). Until such handover occurs, subject to the status of Saudi Aramco's own works on the site, Saudi Aramco receiving necessary consents and certain other conditions, if requested by JVCo, Saudi Aramco will use reasonable endeavours to grant JVCo access to the various Zones to undertake the work necessary towards preparation for the Zones becoming operational. The additional conditions to early access to the Zones include there being no additional cost to Saudi Aramco, that such access does not materially affect the ability of Saudi Aramco to complete its own works and that such access would not breach relevant health and safety laws.

Saudi Aramco will be responsible for all initial capital infrastructure works at the Maritime Yard, as well as replacement of the major works (e.g. dredging, quay walls and wharfs) once they have reached the end of their operational lives. JVCo will be responsible for the ongoing repair and maintenance of the capital infrastructure works. Certain of the infrastructure, such as the access road, yard basin, channel and breakwaters, may be made accessible by other tenants of the Complex under the terms of separate agreements entered into between such other tenants and JVCo.

3.3 JVCo

Pursuant to the terms of the Shareholders' Agreement, the JV Partners have agreed to establish JVCo as a limited liability company under the laws of the Kingdom to operate, maintain and manage the Maritime Yard. The Shareholders' Agreement has an initial term of 60 years, and shall automatically renew for a term of 40 years and may be renewed for further periods thereafter, unless any JV Partner provides written notice of its intention not to renew at least 24 months prior to the end of the initial term or renewed period. The non-renewing JV Partner shall transfer all of its interest in JVCo to those JV Partners wishing to renew the term. If no JV Partners wish to renew the term, they shall use commercially reasonable efforts to sell JVCo or its business or, failing which, to resolve to dissolve JVCo upon expiry of the relevant term.

The JV Partners will capitalise JVCo through shareholdings and/or subordinated shareholder loans to JVCo. Following satisfaction of the initial capital contributions to be made by each of the JV Partners under the Shareholders' Agreement, JVCo will have an initial share capital of the Saudi Riyals equivalent of US\$100 million, comprised of 100,000 shares of the Saudi Riyals equivalent of US\$1,000 each. The JV Partners have agreed to make an aggregate maximum financial commitment (including the provision of any subordinated shareholder loans) of US\$700 million, with each JV Partner subject to its own aggregate maximum commitment amount.

It is a condition under the Shareholders' Agreement that the relevant JV Partners enter into certain other commercial agreements in connection with operation of the Maritime Yard, including the following:

- a master offtake agreement between Saudi Aramco's parent company, Saudi Arabian Oil Company, and JVCo under which Saudi Arabian Oil Company will agree to purchase, or procure the purchase, from JVCo of a minimum of 20 jackup drilling rigs (equating to two rigs per year for 10 years) as well as offshore support vessels and MRO services for the jackup drilling rigs and offshore support vessels operating on Saudi Arabian Oil Company's offshore assets, subject to certain conditions;
- an offtake agreement between Bahri and JVCo under which Bahri will agree to purchase from JVCo not less than 75 per cent. of its commercial vessel requirements over ten years, being a minimum of 52 commercial vessels (including a significant number of VLCCs), and MRO services for such vessels, subject to certain conditions; and
- a call-off services agreement and a secondment agreement each between JVCo, Saudi Aramco, Bahri, HHI and Lamprell Energy Limited under which, *inter alia*, the Group will provide certain services and technical support at the Maritime Yard, including through the provision of personnel and expertise.

Based on the financial model for JVCo compiled in conjunction with the JV Partners, the Directors expect work from Saudi Arabian Oil Company and Bahri, inclusive of the above offtake agreements, to account for approximately 45 per cent. of the Maritime Yard's revenue in the period from 2018 to 2030.

Further details of the commercial agreements are set out in Section B of Part V (*Principal Terms of the Transaction*) of this document.

3.4 *Financing*

Saudi Industrial Development Fund (“SIDF”) has provided four commitment letters dated 21 November 2016 to Saudi Aramco (on behalf of JVCo, when established) pursuant to which it has conditionally agreed to enter into a 20-year facility agreement to provide a SAR3.75 billion (approximately US\$1 billion) term loan (the “SIDF Facility Agreement”) to JVCo for the purpose of funding JVCo’s financial requirements primarily in respect of the establishment and development of the Maritime Yard but also for the ongoing operation of the Maritime Yard. Further detail of the expected key terms and conditions of the SIDF Facility are set out in paragraph 3.2 of Part V (*Principal terms of the Transaction*) of this document.

Subject to the passing of the Resolution at the General Meeting, the Company’s aggregate maximum financial commitment (including the provision of any subordinated shareholder loans) under the Shareholders’ Agreement will be US\$140 million, to be phased as the construction of the operating elements of the Maritime Yard progresses, which is expected to take place during the period up until 2022.

Further details of the terms of the Transaction, including Lamprell’s participation in the joint venture and other commitments to JVCo, as well as certain exit provisions, are set out in Part V (*Principal terms of the Transaction*) of this document.

4. **Information on the JV Partners**

4.1 *Saudi Aramco and Saudi Arabian Oil Company*

Saudi Aramco Development Company is a wholly-owned subsidiary of Saudi Arabian Oil Company, the national oil company of the Kingdom.

Saudi Arabian Oil Company is a fully integrated, global petroleum and chemicals enterprise. Over the past 80 years, Saudi Arabian Oil Company has become a world leader in hydrocarbons exploration, production, refining, distribution and marketing. It manages proven conventional crude oil and condensate reserves of 261.1 billion barrels with average daily crude production of 10.2 million barrels per day and stewardship of natural gas reserves of 297.6 trillion standard cubic feet (*source: Saudi Aramco Annual Review 2015*). Headquartered in Dhahran, Saudi Arabia, with offices and operations throughout the Kingdom, Saudi Arabian Oil Company employed more than 65,000 workers worldwide as of the year ended 31 December 2015.

Saudi Aramco is leading the global partnership for the establishment of the Maritime Yard. Under the terms of the Shareholders’ Agreement, following the making in full of its financial commitment to the joint venture, Saudi Aramco will hold a number of shares representing 50.1 per cent. of JVCo’s total issued share capital. Subject to certain exceptions arising from minority right protections in the Shareholders’ Agreement, Saudi Aramco will have a controlling vote on JVCo’s governing board of managers and as a shareholder of JVCo.

It is a condition under the Shareholders’ Agreement that Saudi Aramco enters into various other commercial agreements, including the agreement for lease of the land on which the Maritime Yard is to be located, and that Saudi Aramco’s parent company, Saudi Arabian Oil Company, enters into a master offtake agreement pursuant to which it will agree to purchase, or procure the purchase, from JVCo of a minimum of 20 jackup drilling rigs (equating to two rigs per year for 10 years), as well as offshore support vessels and MRO services for the jackup drilling rigs and offshore support vessels operating on Saudi Arabian Oil Company’s offshore assets, subject to certain conditions. Further details of these commercial agreements are set out in Section B of Part V (*Principal terms of the Transaction*) of this document.

4.2 *Bahri*

The National Shipping Company of Saudi Arabia was established in 1978 and is one of the largest providers of maritime services globally. Bahri and its subsidiaries purchase, charter and operate vessels for the transportation of crude oil, chemicals, dry bulk and general cargo.

Bahri owns and operates a fleet of double hull VLCCs, chemical carriers, dry bulkers and multipurpose Ro-Ro vessels. Bahri presently owns approximately 36 VLCCs, including one VLCC designated as a floating storage unit, 4 multipurpose Ro-Ro vessels and 1 Aframax, 26 chemical carriers, 5 product tankers, 5 dry-bulk tankers and 6 general cargo ships. It has an operational fleet deadweight of approximately 1.39 million tons. Bahri has entered into an agreement with Hyundai Samho Heavy Industries to build 10 VLCCs which are expected to be delivered during 2017 and 2018.

Bahri is 22 per cent. owned by the Public Investment Fund of the Government of the Kingdom and 20 per cent. owned by Saudi Aramco. Its shares are admitted to trading on the Saudi Stock Exchange (Tadawul).

Under the terms of the Shareholders' Agreement, following the making in full of its financial commitment to the joint venture, Bahri will hold a number of shares representing 19.9 per cent. of JVCo's total issued share capital.

In addition, it is a condition under the Shareholders' Agreement that Bahri enters into an offtake agreement under which it will agree to purchase from JVCo not less than 75 per cent. of its commercial vessel requirements over ten years, being a minimum of 52 commercial vessels (including a significant number of VLCCs), and MRO services for such vessels, subject to certain conditions. Further details of this agreement are set out in Section B of Part V (*Principal terms of the Transaction*) of this document.

As one of the world's largest shipping companies, Bahri is expected to play an important role in the localisation of the maritime transport industry and services in the Kingdom, leveraging its decades-long experience and the size and diversity of its operations.

4.3 *HHI*

Hyundai Heavy Industries Co., Ltd. was established in 1972, having grown into one of the world's leading heavy industries companies and the world's largest shipbuilding company. Headquartered in Ulsan, South Korea, HHI has seven business divisions, including shipbuilding, offshore & engineering, industrial plant & engineering, engine & machinery, electro & electric systems, construction equipment and green energy. HHI has delivered more than 1,971 ships to 298 shipowners in 52 countries since 1972. HHI employed over 25,000 people as of the year ended 31 December 2015.

Under the terms of the Shareholders' Agreement, following the making in full of its financial commitment to the joint venture, HHI will hold a number of shares representing 10.0 per cent. of JVCo's total issued share capital.

HHI, like Lamprell, is one of the technical JV Partners and it is a condition under the Shareholders' Agreement that HHI enters into a call-off services agreement and a secondment agreement with JVCo and the other JV Partners under which, *inter alia*, it will provide certain services and technical support at the Maritime Yard, including through the provision of personnel and expertise. HHI will be the technical JV Partner in respect of Zones B and C.

4.4 *Lamprell*

Under the terms of the Shareholders' Agreement, following the making in full of its financial commitment (being a maximum commitment of US\$140 million) to the joint venture, Lamprell, through its wholly owned subsidiary Maritime Offshore, will hold a number of shares representing 20.0 per cent. of JVCo's total issued share capital.

Lamprell is one of the two technical JV Partners and it is a condition under the Shareholders' Agreement that Lamprell Energy Limited enters into a call-off services agreement and a secondment agreement with JVCo and the other JV Partners under which, *inter alia*, the Group will provide certain services and technical support at the Maritime Yard, including through the provision of personnel and expertise. Lamprell will be the technical JV Partner in respect of Zones A and D.

Lamprell will provide a guarantee, through its wholly-owned subsidiary Lamprell Energy Limited, of the obligations, commitments, undertakings, representations, warranties, indemnities and covenants of Maritime Offshore under the Shareholders' Agreement (capped at its aggregate maximum commitment of US\$140 million until such time as Maritime Offshore becomes an obligor under the Group's existing facilities).

Further details of the terms of the Transaction, including Lamprell's participation in the joint venture and other commitments to JVCo, are set out in Part V (*Principal terms of the Transaction*) of this document.

5. **Summary of the principal terms of the Transaction**

On 31 May 2017, Maritime Offshore, Saudi Aramco, Bahri and HHI entered into the Shareholders' Agreement in relation to the proposed joint venture between the JV Partners with respect to the establishment, development and operation of the Maritime Yard. The Shareholders' Agreement sets out the rights and obligations of each of the parties thereto in relation to the formation and governance of JVCo, a special purpose vehicle to be established as a limited liability company under the laws of the Kingdom by the JV Partners. It is intended that JVCo will develop, operate, maintain and manage the Maritime Yard.

Under the terms of the Shareholders' Agreement, the Company has conditionally agreed, *inter alia*:

- to invest an aggregate maximum of US\$140 million for a 20.0 per cent. ownership interest in JVCo;
- certain exit provisions under which (i) it is limited from transferring, assigning or otherwise disposing of its ownership interest in JVCo prior to the later of (x) expiry of an initial 10-year period; and (y) all Zones in the Maritime Yard having achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer); and (ii) it may be required to sell all of its ownership interest in JVCo in the event of a change of control;
- exclusivity provisions under which it is subject to (i) certain non-compete obligations; and (ii) requirements to seek to subcontract certain work to JVCo from its UAE yards;
- that Lamprell Energy Limited will enter into a call-off services agreement and a secondment agreement under which the Group will provide certain services and technical support at the Maritime Yard, including through the provision of personnel and expertise; and
- that Lamprell Energy Limited will provide a guarantee of the obligations, commitments, undertakings, representations, warranties, indemnities and covenants of Maritime Offshore under the Shareholders' Agreement (capped at its aggregate maximum commitment of US\$140 million until such time as Maritime Offshore becomes an obligor under the Group's existing facilities).

Details of the principal terms of the Shareholders' Agreement (including a summary of the exit provisions) are set out in Part V (*Principal terms of the Transaction*) of this document.

Due to (i) the size of the Group's significant financial commitment to the proposed joint venture in relation to the size of Lamprell; and (ii) the nature of certain terms of the Transaction (including certain exit provisions under which the Group could be required to sell its interest in the proposed joint venture in circumstances in which the Company may not have sole discretion), the Transaction is classified under the Listing Rules as a class 1 transaction and accordingly requires the approval of Shareholders.

Completion of the Transaction is conditional upon, *inter alia*, approval of the Resolution by Shareholders at the General Meeting and the satisfaction or waiver of the other conditions precedent, as set out more fully in paragraph 5 of Part V (*Principal terms of the Transaction*), within one-year from the date of the Shareholders' Agreement.

If the Resolution is not passed, the Shareholders' Agreement will terminate and the JV Partners will not proceed with the Transaction. If the Resolution is passed, but the other conditions under the Shareholders' Agreement are not satisfied or (where applicable) waived, the Transaction will be incapable of completing. In either case, the Company will not be obligated to fulfil any of its commitments under the Shareholders' Agreement (including its financial commitments, as described in further detail in paragraph 6 of this Part I and in Part V (*Principal terms of the Transaction*) of this document). However, the Company will remain liable for its share of costs incurred under the terms of the memorandum of understanding and the joint development agreement entered into by the JV Partners in 2016. Lamprell's share of such costs will be pro rata to its equity interest in JVCo and, as at 31 December 2016, was approximately US\$2.2 million.

6. Financial effects of the Transaction

6.1 Lamprell's financial commitment

The Company's financial commitment to JVCo is expected to be met out of the Company's existing cash resources and cash flows generated through trading activities and will be phased over the construction period.

As described above, subject to the passing of the Resolution at the General Meeting, the Company has committed to invest an aggregate maximum of US\$140 million (which amount is subject to set-off for costs already incurred, as described below) in JVCo, such investment to be phased as the construction of the operating elements of the Maritime Yard progresses, which is expected to take place during the period up until 2022. Based on Lamprell's current expectations of JVCo's financial requirements, its investment in the financial year ending 31 December 2017 is expected to be fixed at US\$20 million, net of historic costs (which as at 31 December 2016 were approximately US\$2.2 million), with the largest forecast contributions to JVCo of approximately US\$38 million and approximately US\$32 million expected in 2018 and 2019, respectively, but these amounts could vary depending upon JVCo's cash requirements and the associated capital contribution profile agreed by the JV Partners. If any other JV Partner defaults on its obligation to make further capital contributions up to its respective maximum, Lamprell and the other non-defaulting JV Partners would be required to cover the shortfall in capital contributions in proportion to their respective ownership interests up to

their respective maximums. Lamprell will not be obligated to invest (by way of equity contribution and/or subordinated shareholder loans) more than its aggregate maximum commitment of US\$140 million. However, in certain limited circumstances outside of Lamprell's control, Lamprell may be requested to make further capital injections in excess of this maximum commitment. See paragraph 1.5(a) of Part II (*Risk Factors*) of this document for a discussion of the risks relating to such a request.

Although Lamprell has the financial resources to repay its existing facilities, it has obtained waivers from its lenders in relation to certain of its financial covenants to provide additional financial flexibility. Further information on the waivers is set out in paragraph 10.3 of Part VI (*Additional Information*).

Based on the financial model for JVCo compiled in conjunction with the JV Partners, the Directors expect Lamprell's investment in JVCo to yield an equity internal rate of return in excess of its weighted average cost of capital.

The Company has already incurred costs in connection with the memorandum of understanding and the joint development agreement in 2016. Under the terms of the joint development agreement, costs incurred by the JV Partners will be transferred to JVCo (subject to the Shareholders' Agreement becoming unconditional). Therefore, the Company's aggregate financial commitment to JVCo will be reduced by the amount of costs incurred by the Company in connection with the joint venture prior to the date of entry into the Shareholders' Agreement.

If the Shareholders do not approve the Resolution, the Shareholders' Agreement will terminate and the JV Partners will not proceed with the Transaction. If the Resolution is passed, but the other conditions under the Shareholders' Agreement are not satisfied or (where applicable) waived, the Transaction will be incapable of completing. In either case, the Company will not be obligated to fulfil any of its commitments thereunder (including its financial commitments). However, the Company will remain liable for its share of costs incurred under the terms of the memorandum of understanding and the joint development agreement entered into by the JV Partners in 2016. Lamprell's share of such costs will be pro rata to its equity interest in JVCo and, as at 31 December 2016, was approximately US\$2.2 million.

6.2 *Expected profit/loss and dividends*

The Company will recognise its proportionate share of JVCo's profit and/or loss in the Group's financial statements. Based on the financial model for JVCo compiled in conjunction with the JV Partners, the Directors expect JVCo's first profitable year to be 2020, with approximately US\$101 million of cumulative losses to be recorded by JVCo before then and the largest JVCo losses expected in 2019. Subject to JVCo having sufficient retained earnings, the Directors expect Lamprell will receive dividends from JVCo no earlier than Lamprell's financial year ending 31 December 2022. The proposed terms and conditions of the SIDF Facility Agreement include a restriction on payment of dividends by JVCo in excess of the lower of (i) 25 per cent. of JVCo's paid in capital; and (ii) the amount to be repaid under the SIDF Facility Agreement in the relevant fiscal year. Therefore, any step change in dividend payments is expected to occur following repayment of the amounts borrowed under the SIDF Facility Agreement.

The Directors' expectations regarding JVCo's ability to generate profit and distribute dividends are subject to change and may depend on a variety of factors outside of its control, in particular the fulfillment of the obligations of Saudi Arabian Oil Company and Bahri to purchase rigs and vessels produced by JVCo under their respective offtake agreements. See paragraph 1.5(e) of Part II (*Risk Factors*) of this document.

6.3 *Accounting treatment*

The Company will not consolidate JVCo in the Group's financial statements but will account for it using the equity method of accounting. Therefore, the Company will recognise its share of JVCo's earnings, losses and/or changes in capital in the Group's financial statements.

In addition, the Company's investment in joint ventures will increase on the Company's balance sheet to reflect the subscription of shares of JVCo and any provision of subordinated shareholder loans. There will also be a corresponding decrease in cash as the Company makes its contributions to JVCo. An unaudited pro forma statement of net assets, which has been prepared to illustrate the effect of the Transaction on the consolidated net assets of the Group as at 31 December 2016 as if it had taken place on 31 December 2016, is set out in Section A of Part IV (*Unaudited pro forma financial information*) of this document.

6.4 *Exclusivity provisions*

Under the terms of the Shareholders' Agreement, Lamprell has agreed that for a period starting on the date of the Shareholders' Agreement and ending:

- (i) on the earlier of (x) the date it or any of its affiliates ceases to hold any shares in JVCo and (y) termination or expiry of the Shareholders' Agreement; and
- (ii) for a further three year period following the relevant date in (i) above in relation to any existing yard and for a further period of one year following the relevant date in (i) above in relation to any new yard,

neither it nor its affiliates will, without the consent of the other JV Partners:

- (iii) construct, control, own or operate or otherwise be directly or indirectly interested in (whether as trustee, principal, agent, shareholder, unit holder or similar capacity) any yard conducting any business similar to or competitive with the business activities of JVCo or its subsidiaries, namely the construction, maintenance and repair of offshore drilling rigs, offshore supply vessels and/or commercial vessels, within the MENA region (subject to certain caveats and excluding the United Arab Emirates); or
- (iv) solicit or persuade any person, corporation or entity which is a customer or client of JVCo or a member of its group, or who was previously a customer or client thereof within the prior 18 months, to cease conducting business with JVCo or a member of its group.

Lamprell may control or operate (but not engage in any of the other acts set out in (iii) above) projects involving the manufacture and/or MRO of offshore drilling rigs only, provided that its involvement in any and all such projects shall conclude prior to the commercial operation date of Zone A or Zone D, whichever is earlier.

This exclusivity covenant is subject to certain *de minimis* thresholds and does not apply to on-going activities of the Group commenced prior to the entry into the Shareholders' Agreement and disclosed in writing to the other JV Partners.

6.5 *Technical shareholder support*

Under the terms of the Shareholders' Agreement, Lamprell as a technical partner also has agreed, until Zone A and Zone D have achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer), to use good faith efforts to support JVCo to enable it to independently conduct marketing activities in relation to the relevant Zones which efforts shall include, at the request of JVCo:

- supporting efforts to obtain relevant certifications;
- providing on-the-job training for JVCo's marketing personnel;
- introducing the Maritime Yard and JVCo to its existing and potential clients and to seek to have any solicitation of interest or invitation to bid for work directly related to Zone A and Zone D from such clients extended to JVCo;
- supporting JVCo to qualify and/or pre-qualify with its existing and potential clients to participate in bids and submissions for work directly related to Zone A and Zone D; and
- actively include the commercial representatives of the Maritime Yard and JVCo in their respective marketing activities, to a practicable and reasonable extent, in relation to its own business to the extent they relate directly to offshore rigs, offshore vessels and commercial maritime vessels.

In addition, Lamprell as a technical partner has agreed that, until Zone A and Zone D have achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer), it will use good faith efforts to include JVCo in any bid proposal for and, subject to feasibility, will seek to subcontract work to JVCo with respect to:

- any MRO work on any offshore drilling rig, offshore support vessel or commercial vessel located in or transiting through the Arabian Gulf (other than offshore drilling rigs currently, and only for so long as they are, used for drilling in UAE waters), the Arabian Sea, Gulf of Aden or Red Sea, provided that the aggregate contract value of such work is in excess of US\$3 million (subject to indexation); and
- any new-build construction of offshore drilling rigs, offshore support vessels or commercial vessels which are ordered by an entity residing in, or which Lamprell knows or should reasonably have known are destined for use by an entity in, the MENA region (excluding the United Arab Emirates).

The Directors believe that work subcontracted by Lamprell to JVCo will ultimately be able to be done more cost efficiently at the Maritime Yard than in Lamprell's yards given potential economies of scale and purchasing power and, therefore, would have an overall positive effect on the Group's financial performance as a result of improved margins and competitiveness. However, in the event the Maritime Yard is not more efficient than Lamprell's yards, in order to maintain margins at its UAE yards, Lamprell may be required to pass through JVCo's additional costs to its customers or accept lower margins in order for its pricing to remain competitive and to ultimately win the work.

7. Current trading and future prospects

Set out below is the text extracted from the Company's announcement on 24 March 2017 containing its current trading and outlook.

- The Group has restructured its overhead to remain competitive in lower price environment; tight cost control measures will be a high priority in 2017 as the Group looks to maintain its lower cost base.
- The Group is well-positioned to respond to an improvement in its core energy markets, with a strong balance sheet, a sustained robust cash position and its core competencies retained.
- The Group is working to bring the Maritime Yard opportunity to a successful conclusion.
- A further jackup rig was delivered to the National Drilling Company of Abu Dhabi post-period end and the remaining two will be delivered in first half of the financial year ending 31 December 2017 with both projects progressing as planned.
- There are two new major projects scheduled to ramp up in the second quarter of the financial year ending 31 December 2017.
- 14 rigs are currently stacked in Lamprell's facilities on behalf of clients offering potential refurbishment works in the event of redeployment of the rigs.
- As previously announced, revenues for the financial year ending 31 December 2017 currently expected to be in the lower half of the US\$400-500 million range in the absence of large project deliveries in the second half of the financial year.

As announced by the Company, the two remaining jackup rigs due to be delivered to National Drilling Company in the first half of the financial year ending 31 December 2017 were delivered in February 2017 and April 2017.

8. Further information and risk factors

Your attention is drawn to the further information contained in Parts II to VIII of this document. Shareholders should read the whole of this document and not rely solely on the information contained in this Part I.

In addition, for a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution set out herein, please refer to the risk factors set out Part II (*Risk Factors*) of this document.

9. General Meeting

A notice convening an extraordinary general meeting of the Company to be held at 7th Floor, Jumeirah Emirates Tower, Sheikh Zayed Road, Dubai, United Arab Emirates at 10.00 a.m. (UAE time) on 26 June 2017 and setting out the details of the Resolution is included at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed. The purpose of the General Meeting is to seek Shareholders' approval for the Transaction.

10. Action to be taken

You will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the meeting, please complete the Form of Proxy and return it in accordance with the instructions printed on it so as to reach the Company's registered office by no later than 7.00 a.m. (London time)/10.00 a.m. (UAE time) on 22 June 2017. Completion and return of the Form of Proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

11. **Financial advice**

The Board has received financial advice from Investec in relation to the Transaction. In providing its financial advice to the Board, Investec has relied upon the Board's commercial assessment of the Transaction.

12. **Voting intentions**

The Company has received written confirmation from Lamprell Holdings Limited (which holds 33.12 per cent. of Lamprell's existing issued share capital as at 30 May 2017) of its intention to vote in favour of the Transaction at the General Meeting.

13. **Recommendation**

The Board considers the Transaction to be in the best interests of Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution, as each of John W. Kennedy and Antony Wright intend to do in respect of their own beneficial holdings, amounting to an aggregate of 1,641,393 Ordinary Shares (representing approximately 0.5 per cent. of Lamprell's existing issued share capital as at 30 May 2017, being the latest practicable date prior to the posting of this document).

Yours faithfully

John W. Kennedy

Non-executive Chairman

for and on behalf of
Lamprell plc

PART II—RISK FACTORS

The risks described below, which the Directors believe include all known material risks, should be carefully considered by Shareholders together with all information included or incorporated by reference into this document when deciding what action to take in relation to the Transaction. If any or a combination of the following risks actually occurs, the business, financial condition, results of operations or prospects of the Group could be adversely affected. In any such case, the market price of the Ordinary Shares could decline and Shareholders may lose all or part of their investment. Additional risks and uncertainties relating to the Group that are not currently known to the Directors, or that the Directors currently deem immaterial, may also have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The information given is as of the date of this document and, except as required by the FCA, the Listing Rules or any other applicable law or regulation, will not be updated. Any forward-looking statements are made subject to the reservations specified in paragraph 6 of Part III (Important information) of this document.

1. Risks relating to or which will result from the Transaction

1.1 *The Shareholders' Agreement is subject to certain conditions precedent which, if not satisfied or (where applicable) waived within a specified timeframe, may prevent it from completing.*

The Shareholders' Agreement will become effective and JVCo will commence business only after certain conditions have been satisfied or (where applicable) waived. The conditions precedent include, *inter alia*:

- approval of the Transaction by Shareholders through the passing of the Resolution;
- notification by the Korea Fair Trade Commission that the transactions contemplated by the Shareholders' Agreement does not violate Article 7, Paragraph 1 of the Monopoly Regulation and Fair Trade Law or if the Korea Fair Trade Commission issues an examiner's report on the transactions contemplated by the Shareholders' Agreement, it then issuing a decision approving the transactions contemplated by the Shareholders' Agreement, in either case on terms reasonably satisfactory to the JV Partners;
- the making of requisite registrations and filings for the formation of JVCo;
- the making of requisite filings in accordance with the letter issued by Saudi Customs to the Secretary of the Steering Committee setting out the requirements that must be fulfilled for the Maritime Yard to be eligible for customs' exemptions;
- entry into the SIDF Facility Agreement and/or such other financing agreements with SIDF (or such other Government lender agreed by the JV Partners) as would be sufficient to fully fund construction of the Maritime Yard; and
- certain project agreements relating to the joint venture (other than the land and infrastructure lease agreement), as described in Section B of Part V (*Principal terms of the Transaction*) of this document, having been unconditionally and irrevocably executed by the relevant parties thereto.

If the conditions precedent (other than the condition for approval of the Transaction by Shareholders) have not been satisfied or, where applicable waived on or before one year from the date of the Shareholders' Agreement (or such later date as all of the JV Partners may agree in writing), each JV Partner shall have the right to terminate the Shareholders' Agreement, provided the reason for non-satisfaction of a condition precedent is not due to that JV Partner's failure to fulfil its own obligations. Upon such termination, the JV Partners will not proceed with the Transaction. However, Lamprell will remain liable for its share of costs incurred under the terms of the memorandum of understanding and the joint development agreement entered into by the JV Partners in 2016. Lamprell's share of such costs will be pro rata to its equity interest in JVCo and, as at 31 December 2016, was approximately US\$2.2 million).

1.2 *Lamprell will not control JVCo, which will limit Lamprell's ability to cause the JVCo to take action that it believes would be in the best interests of Shareholders.*

Under the terms of the Shareholders' Agreement, Maritime Offshore will hold a number of shares representing 20.0 per cent. of JVCo's total issued share capital and will be entitled to appoint two of the nine members of the board of managers of JVCo (the "**Board of Managers**"). Saudi Aramco will hold a number of shares representing 50.1 per cent. of JVCo's total issued share capital and will be entitled to appoint five members to the Board of Managers. The remaining shares and Board of Manager appointment rights will be held by Bahri and HHI. Not only will Lamprell on its own not be able to control the decisions of either the shareholders of JVCo or the Board of Managers (for example, regarding the declaration of dividends) but in relation to matters

where only a simple majority is required, Saudi Aramco will have a controlling vote. As a result, Lamprell may be unable to prevent JVCo from engaging in activities or pursuing strategic objectives that may conflict with the Group's interests or overall strategic objectives. In addition, Lamprell will be unable to force JVCo to enforce its rights against contractual counterparties, including Saudi Aramco and Saudi Arabian Oil Company (and/or Bahri and/or HHI). In particular, Saudi Aramco and/or Saudi Arabian Oil Company will be a party to several commercial agreements with JVCo, making JVCo highly reliant on those companies complying with those agreements. If JVCo does not enforce its rights against Saudi Aramco and/or Saudi Arabian Oil Company (or its other contractual counterparties), it may impair JVCo's ability to execute its business plan, which would in turn have an overall adverse effect on JVCo's success and growth and, consequently, Lamprell's ability to extract value from its investment in JVCo. If Lamprell is requested to make further capital contributions in excess of its US\$140 million maximum investment and it declines to do so, its shareholding in JVCo and Board of Managers representation and share ownership may be diluted, making Lamprell less able to influence the actions of JVCo. If the other JV Partners have economic or business interests that are inconsistent with the interests of the Group, they may exercise their rights as shareholders and/or cause their Board of Manager appointees to exercise their rights in a manner which is adverse to the Group's (and, by implication, Shareholders') interests or which prevents the Group from achieving its own strategic or operational objectives, which may have a material adverse effect on the Group's investment in JVCo and, therefore, the Group's business, financial condition, results of operations or prospects.

1.3 *The Shareholders' Agreement contains provisions which limit Lamprell's ability to sell its shares in JVCo and which could require Lamprell to sell all of its shares following a change of control of Lamprell or in case of certain events of default.*

The Shareholders' Agreement contains certain exit and events of default provisions which govern transfers and sales of Lamprell's shares in JVCo. Subject to certain limited exceptions, prior to the later of (i) expiry of an initial 10-year period; and (ii) all Zones in the Maritime Yard having achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer), Lamprell will not be able to transfer, assign or otherwise dispose of, or create or permit to subsist any encumbrance on or affecting, its ownership interest in JVCo without the written consent of all other JV Partners.

Lamprell's Ordinary Shares are publicly-traded and, therefore, Lamprell does not have control over who acquires its Ordinary Shares. Under the UK City Code on Takeovers and Mergers (the "**Takeover Code**"), to which Lamprell is subject, if any person were to acquire, whether by a series of transactions over a period of time or not, an interest in Ordinary Shares which (taken together with shares in which persons acting in concert with him are interested) carry 30.0 per cent. or more of the voting rights in Lamprell or any person, together with persons acting in concert with him, interested in Ordinary Shares which in the aggregate carry not less than 30.0 per cent. (and not more than 50.0 per cent.) of the voting rights in Lamprell were to acquire an interest in any other Ordinary Shares which increases the percentage of Ordinary Shares carrying voting rights in Lamprell in which he and his concert parties are interested, that person would be required to extend offers, on the basis set out in Rules 9.1, 9.2 and 9.3 of the Takeover Code, to the other holders of Ordinary Shares. Lamprell also may be subject to voluntary takeover offers from time to time.

If Lamprell were subject to a change of control that was not approved in writing by the other JV Partners, the other JV Partners may, within 30 days, agree (on a simple majority basis, by number of shareholders and shares held) to either object to or approve the change of control. If the other JV Partners object to the change of control of Lamprell, any such JV Partner may, within 60 days, issue a call notice to require Lamprell to sell all of its shares (and any subordinated loans or other securities) in JVCo to it/them. The price at which Lamprell would be required to sell its shares will be determined by an independent expert in accordance with the agreed procedures set out in the Shareholders' Agreement. The other JV Partners will have complete discretion to issue a call notice, even where the new owner of Lamprell would not reasonably be expected to have any adverse effect on the joint venture.

If an event occurs which constitutes an event of default by Lamprell, such as a material breach of the Shareholders' Agreement, failure to make a capital contribution (up to the relevant maximum), unauthorised transfer of its ownership interest in JVCo, entry into insolvency, receivership, winding-up or administration (or similar) or a material breach of the call-off services agreement or secondment agreement, and Lamprell fails to remedy it within the specified time period, any of the other JV Partners may exercise a call option to require Lamprell to sell all of its shares (and any subordinated loans or other securities) in JVCo to it/them. The price at which Lamprell would be required to sell its shares will be agreed by the JV Partners or, in the absence of agreement, determined by an independent expert in accordance with the agreed procedures set out in the Shareholders' Agreement. In addition, all of Lamprell's Board of Managers appointees would be removed, it

would lose its right of appointment (if any) to the Board of Managers and the price payable for the purchase of its shares pursuant to the call option will be discounted by 25.0 per cent.

In the event that Lamprell seeks to or is required to sell its shares in JVCo in the above circumstances, the price at which such sale will be made (the “exit value”), will be as agreed between the JV Partners or, in the absence of agreement, as determined by an independent expert. The “exit value” will be based on an enterprise value of the relevant interest in JVCo less net debt, subject to certain valuation assumptions as set out in the Shareholders’ Agreement. In determining the “exit value”, amongst other things, the cash flows arising under the Saudi Arabian Oil Company and Bahri offtake agreements will be excluded. As a result, the “exit value” is likely to be lower than a “fair value” (and substantially lower during the term of the Saudi Arabian Oil Company and Bahri offtake agreements) and the Directors also expect it will be lower than the aggregate value of Lamprell’s investment in JVCo in the period prior to the Maritime Yard becoming operationally independent (being, in respect of each Zone, when JVCo has completed a new-build project for a non-JV Partner customer). Therefore, the Group would be unlikely to realise the full value of its investment on a sale in such circumstances. These change of control provisions could deter a third party from making an offer for Lamprell prior to the Maritime Yard becoming operationally independent.

1.4 *The Shareholders’ Agreement is governed by the laws of the Kingdom, certain aspects of which differ from English law and may create an uncertain legal environment for Lamprell.*

While the JV Partners have agreed that disputes arising under the Shareholders’ Agreement shall be submitted to international arbitration, the decisions of which should be recognisable and enforceable in the Kingdom under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the courts and adjudicatory bodies in the Kingdom have a wide discretion as to how laws and regulations are applied to a particular set of circumstances. Unlike the courts of England and Wales, there is no doctrine of binding precedent in the courts of the Kingdom, decisions of the Saudi courts and adjudicatory bodies are not routinely published and there is no comprehensive up-to-date reporting of judicial decisions. In some circumstances, it may not be possible to obtain the legal remedies provided under the laws and regulations of the Kingdom in a timely manner or at all. As a result of these and other factors, the outcome of any legal disputes in the Kingdom involving Lamprell may be uncertain.

1.5 *Lamprell’s ability to extract value from its investment in JVCo is dependent on the success and growth of the joint venture, which in turn is dependent on a number factors, including ones outside Lamprell’s control.*

Lamprell’s ability to extract value from its investment in JVCo is dependent on the success and growth of the joint venture. There can be no guarantee that the JVCo’s business will succeed or grow as a result of the strategy of the JV Partners. Growth depends on a number of factors, including ones outside Lamprell’s control, such as the following.

- (a) *The Maritime Yard may not become operational in accordance with current timing expectations or at all and reaching operational capability may require additional funding.*

The Maritime Yard is not scheduled to become fully operational until 2022 and, based on the financial model for JVCo compiled in conjunction with the JV Partners, the Directors expect JVCo to record approximately US\$101 million of cumulative losses before 2020, which year Lamprell expects will be JVCo’s first profitable year. The Directors do not expect Lamprell will receive dividends from JVCo earlier than Lamprell’s financial year ending 31 December 2022. Any delays affecting the rollout of operations at the Maritime Yard may result in cost overruns, extending JVCo’s losses and, consequently, Lamprell may be unable to realise the anticipated level of earnings, profit and/or dividends from JVCo in accordance with its current timing expectations or at all. Operations in the Maritime Yard’s four Zones depend on the Government completing its construction of each individual Zone (for partial delivery of the Maritime Yard) as well as the overall site and infrastructure; delays and cost overruns in these types of projects are not uncommon. In addition, the operational capabilities of the four Zones are inter-dependent. For example, Zone D cannot conduct operations fully until Zone C has reached a requisite level of operations because Zone C will manufacture and deliver the steel plate sheets for Zone D construction.

Delays in the Maritime Yard reaching operational capability or cost overruns also may result in JVCo requiring additional funding from the JV Partners in advance of the expected phasing of their capital commitment requirements and/or in excess of their respective maximum capital contribution limits. In addition, under Saudi law, if JVCo’s accumulated losses at any time are more than 45 per cent. of its authorised share capital, it may be forced to dissolve unless one or all of the JV Partners agrees to a further equity injection. Failure by any

JV Partner to meet its capital commitment requirements may result in Lamprell being called upon to provide additional funding. If Lamprell is requested to make further capital contributions in excess of its US\$140 million aggregate maximum commitment and it declines to do so, its shareholding in JVCo and Board of Managers representation may be diluted (including to nil). Moreover, failure to meet its aggregate maximum capital commitment obligation would be an event of default under the provisions of the Shareholders' Agreement.

(b) *The success of the Maritime Yard will depend on the success of each of the Zones, the operation of which will be highly dependent on each of the technical partners.*

Lamprell is the preferred technical partner for Zones A and D while HHI is the preferred technical partner for Zones B and C. Zones B and C together comprise over half of the area of the Maritime Yard and, accordingly, the JV Partners have budgeted proportionate capital expenditure outlays to achieve their operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer). Zone C, in particular, will be dedicated to the construction of commercial vessels, a product area in which Lamprell has no previous experience. Therefore, JVCo (and Lamprell) will be highly reliant on HHI to deliver these Zones into operation and, ultimately, profitability. In addition, as mentioned above, Zone D is reliant on products from Zone C for it to be able to operate fully. Any failures, delays or increased costs in relation to any one of the Zones may have an adverse effect on the Maritime Yard's and, therefore, JVCo's overall performance and profitability which, in turn, may have a material adverse effect on the value of Lamprell's investment in JVCo.

(c) *JVCo will be reliant on the Government for funding of construction of the Maritime Yard's site and shared infrastructure, fulfilment of the terms of the agreement for lease and entry into the lease in relation to the land on which the Maritime Yard sits.*

The land at Ras al-Khair on which the Maritime Yard is to be located is owned by the Government and the JV Partners' access to the Maritime Yard and ultimately their ability to develop and operate the Maritime Yard will, therefore, be subject to the Government complying with the terms of the agreement for lease and the land and infrastructure lease to be entered into in connection with the Transaction. The aggregate cost of constructing the Maritime Yard is expected to be up to approximately US\$5.2 billion, approximately US\$3.5 billion of which will be funded by the Government to establish, prepare and construct the site and shared infrastructure. Under the terms of the agreement for lease, Saudi Aramco as landlord will agree to use positive efforts to ensure it is granted the necessary rights by the Government to act as landlord to JVCo and enter into a land and shared infrastructure lease with JVCo only once all four Zones have been handed over to JVCo following issuance of sectional taking over certificates for each Zone, which is planned to occur on a staggered basis. Until such handover occurs, subject to the status of Saudi Aramco's own works on the site, Saudi Aramco receiving necessary consents and certain other conditions, if requested by JVCo, Saudi Aramco will use reasonable endeavours to grant JVCo access to the various Zones to undertake the work necessary towards preparation for the Zones becoming operational. The additional conditions to early access to the Zones include there being no additional cost to Saudi Aramco, that such access does not materially affect the ability of Saudi Aramco to complete its own works and that such access would not breach relevant health and safety laws.

If Saudi Aramco is not granted the necessary rights to enable it to enter into the land and shared infrastructure lease on the terms that have been agreed by the JV Partners, it must use positive efforts to procure that the Government or a Government entity grants a lease, licence, concession or other type of occupation agreement to JVCo on substantially the same terms. Otherwise, it may seek to vary the terms thereof (including varying the form of the lease to a license, concession or other type of occupational agreement). If Saudi Aramco does not obtain the necessary rights to act as landlord to JVCo, despite the fact that it is a Government owned entity, it is possible that JVCo may be required to further negotiate the terms of any lease of the land on which the Maritime Yard sits. There can be no assurance that the handover of the Zones will take place in accordance with current timing expectations or that the JV Partners will have sufficient access to the Maritime Yard to fulfil their own obligations under the terms of the Shareholders' Agreement and agreement for lease. Any delay or restriction in access to the Maritime Yard, including entry into the land and infrastructure lease, may result in an overall delay in the joint venture project which, in turn, may have a material adverse effect on the value of Lamprell's investment in JVCo as set out in paragraphs (a) and (b) above.

(d) *JVCo may be unable to attract and retain the requisite number of suitable expatriate and Saudi employees.*

JVCo's operations will require a workforce covering a range of engineering, managerial and trade specialists. In seeking to attract and retain employees, it will face significant competition both from within the oil and gas industry and from other sectors for personnel with the skills it requires to sustain and grow its activities. JVCo will be heavily dependent upon the availability of expatriate workers and its ability to hire and train Saudi employees, without which it will be unable to commence or continue operations or reach required levels of productivity at the Maritime Yard for it to become competitive and, ultimately, profitable. The employment and work visa application process can be time consuming and there can be no guarantee that required visas will be issued for expatriate personnel. In addition, under current Saudization requirements, if JVCo does not maintain an acceptable percentage of Saudi nationals in its workforce, it may be subject to various sanctions, including the suspension of its applications for work visas for expatriate personnel. JVCo may also lose benefits under various incentivisation programmes, such as the "In-Kingdom Total Value Add" and the equalisation programmes, which would be extremely detrimental as they are relied upon in the evaluation of suppliers in the Kingdom. In addition, the proposed introduction of an income tax on foreign nationals may deter foreigners from moving to or remaining in the Kingdom. Without an appropriate workforce, JVCo will not be able to operate a viable business and Lamprell will lose the value of its investment in JVCo.

(e) *JVCo's revenues and profitability will be dependent initially on orders from Saudi Arabian Oil Company and Bahri under their respective offtake agreements and ultimately on securing adequate orders from third parties.*

JVCo is not yet formed and the Maritime Yard is not yet constructed. Therefore, JVCo has no existing operations or track record of doing business. It is a condition under the Shareholders' Agreement that Saudi Aramco's parent company, Saudi Arabian Oil Company, enters into a master offtake agreement under which it will agree to purchase, or procure the purchase, of a minimum number of jackup drilling rigs, as well as MRO services, and to purchase offshore support vessels, exclusively from JVCo over an initial period of time, subject to certain conditions. It also is a condition under the Shareholders' Agreement that Bahri enters into an offtake agreement under which it will agree to commission a specified number of commercial vessels and MRO services for such vessels from JVCo over an initial period of time, subject to certain conditions. It is also a requirement under the exclusivity provisions of the Shareholders' Agreement that Lamprell seek to subcontract to JVCo certain work for MRO projects with an aggregate contract value in excess of US\$3 million and/or any new-build construction of offshore drilling rigs, offshore support vessels or commercial vessels which are destined for use in the MENA region that could be performed at its UAE yards. Lamprell also anticipates that JVCo may subcontract work to its UAE yards while the Maritime Yard ramps up towards operational capability.

In light of the current unfavourable market conditions, it is likely that JVCo will be dependent on revenue generated under the Saudi Arabian Oil Company and Bahri offtake agreements until the market recovers to the point that third parties make new orders for jackup drilling rigs, offshore support vessels and commercial vessels. Lamprell will also have increased dependence on Saudi Arabian Oil Company and, to a more limited extent, Bahri, for its own revenue generation, particularly in relation to subcontracted work both to and from JVCo. Based on the financial model for JVCo compiled in conjunction with the JV Partners, the Directors expect work from Saudi Arabian Oil Company and Bahri, inclusive of these offtake agreements, to account for approximately 45 per cent. of the Maritime Yard's revenue for the period from 2018 to 2030.

Any failure by either Saudi Arabian Oil Company or Bahri to fulfil its obligations under its respective offtake agreement, or for such obligations not to become unconditional, or by any other third party customer under a purchase or services agreement, or the failure of market conditions to improve, may result in JVCo bearing or incurring significant additional financial losses. Lamprell will be unable to force JVCo to enforce its rights against its contractual counterparties and so JVCo may not be able to recover against such counterparties in the event of default or other dispute. Even if JVCo were to seek to enforce its rights, any remedy available to JVCo would be limited to contractual damages. The measurement of damages can be uncertain and may not provide JVCo with adequate remedy. "Equitable remedies" of the sort recognised under English law, such as injunction or specific performance, are not remedies available under the laws of the Kingdom. Moreover, the movement toward commoditisation of certain of JVCo's offerings will result in increased margin pressure. Maintaining competitive pricing will be essential to JVCo's growth and profitability. There can be no assurance that JVCo will be successful in achieving large-scale commercial revenues which will enable it to become or to remain profitable and distribute profits to the JV Partners.

(f) *JVCo may have increased costs due to proposed changes in the Saudi tax regime.*

In response to economic pressures largely resulting from the decline in the oil and gas industries, the Kingdom has announced proposals to make significant changes to its tax regime, including the introduction of value-added tax (“VAT”) and income tax. In order to drive revenue, the Government plans to implement the VAT model approved by the Gulf Cooperation Council in October 2016 which is planned to come into effect in 2018. According to the Saudi budget statement for 2016, imposition of a standard VAT rate of 5 per cent. may come into effect as early as 2018. In addition, as part of the Kingdom’s National Transformation Plan, it has been proposed that the country may begin to charge an income tax on the wages of foreign nationals. Changes in the Saudi tax regime may result in increased compliance and other costs (for example, employment costs if the imposition of an income tax requires commensurate increases in salaries to remain competitive) for JVCo. Further, while under Saudi law there are currently no restrictions on repatriation of profits, payments from Saudi resident entities to non-Saudi resident entities are subject to withholding taxes. There can be no assurance that further changes in the Saudi tax regime will not be proposed or come into effect in the future.

(g) *JVCo will be subject to the economic and political conditions of operating in the Kingdom.*

The Complex is an anchor project of the Kingdom’s “Vision2030” strategy, intended to help drive the Kingdom’s economic diversity and growth. However, Governmental support for the project may change over time, particularly if there is a perception that it does not successfully implement the objectives of “Vision2030” or otherwise has any unexpected or undesirable consequences in Saudi Arabia. In addition Saudi Arabia is located in a region that is strategically important and parts of this region have been subject to political and security concerns, especially in recent years. Geopolitical events may contribute to instability in the Middle East and surrounding regions (that may or may not directly involve Saudi Arabia) and may have a material adverse effect on the Kingdom’s (and subsequently, the Maritime Yard’s) attractiveness for foreign investment and capital and its ability to engage in international trade. Such geopolitical events also may contribute to increased defence spending, which could in turn have an adverse effect on the Kingdom’s fiscal position or the budget available for other projects, such as the Maritime Yard.

If any difficulties were to arise in the above areas, it may have a material adverse effect on the Group’s investment in JVCo and, therefore, the Group’s business, financial condition, results of operations or prospects.

1.6 *There can be no guarantee that the SIDF Facility Agreement will be entered into on the terms anticipated by the Group or at all.*

SIDF has conditionally agreed to enter into the SAR3.75 billion (approximately US\$1 billion) SIDF Facility Agreement with JVCo for the purpose of funding JVCo’s financial requirements in respect of the establishment, development and operation of the Maritime Yard. The final terms of the SIDF Facility Agreement are subject to negotiation. While the JV Partners have received assurances regarding the anticipated terms, as well as the four commitment letters from SIDF, there can be no guarantee that SIDF will not seek to amend the terms to make them more onerous or that it will deliver in full or at all its expected debt financing commitment. Any proposed amended terms of the SIDF Facility Agreement which are not acceptable or which are materially different to those anticipated by Lamprell may be deemed a material change in the terms of the Transaction. In such a case, Lamprell would be required to seek further Shareholder approval for the amended Transaction which may cause a significant delay in the commencement of the joint venture and development of the Maritime Yard and, if such changes are not approved by Shareholders, would result in Lamprell being unable to proceed with the Transaction (as amended) at all. Moreover, if the SIDF Facility Agreement is not entered into on the expected terms or at all, and/or such other financing agreements are not entered into with SIDF or such other Government lender agreed by the JV Partners as would be sufficient to fully fund construction of the Maritime Yard, the Shareholders’ Agreement would fail to become unconditional and would not become effective and Lamprell would be unable to proceed with the Transaction. If the Transaction does not proceed, Lamprell will remain liable for its share of costs incurred under the terms of the memorandum of understanding and the joint development agreement entered into by the JV Partners in 2016. Lamprell’s share of such costs will be pro rata to its equity interest in JVCo and, as at 31 December 2016, was approximately US\$2.2 million.

1.7 *Lamprell is subject to certain non-compete obligations and requirements to seek to subcontract work to JVCo from its UAE yards which may impair Lamprell's ability to grow revenue from its MENA operations or result in Lamprell generating lower levels of revenue for its UAE rig building activities.*

Under the terms of the Shareholders' Agreement, Lamprell has agreed that for a period starting on the date of the Shareholders' Agreement and ending:

- (i) on the earlier of (x) the date it or any of its affiliates ceases to hold any shares in JVCo and (y) termination or expiry of the Shareholders' Agreement; and
- (ii) for a further three year period following the relevant date in (i) above in relation to any existing yard and for a further period of one year following the relevant date in (i) above in relation to any new yard,

neither it nor its affiliates will, without the consent of the other JV Partners:

- (iii) construct, control, own or operate or otherwise be directly or indirectly interested in (whether as trustee, principal, agent, shareholder, unit holder or similar capacity) any yard conducting any business similar to or competitive with the business activities of JVCo or its subsidiaries, namely the construction, maintenance and repair of offshore drilling rigs, offshore supply vessels and/or commercial vessels, within the MENA region (subject to certain caveats and excluding the United Arab Emirates); or
- (iv) solicit or persuade any person, corporation or entity which is a customer or client of JVCo or a member of its group, or who was previously a customer or client thereof within the prior 18 months, to cease conducting business with JVCo or a member of its group.

Lamprell may control or operate (but not engage in any of the other acts set out in (iii) above) projects involving the manufacture and/or MRO of offshore drilling rigs only, provided that its involvement in any and all such projects shall conclude prior to the commercial operation date of Zone A or Zone D, whichever is earlier.

This exclusivity covenant is subject to certain *de minimis* thresholds and does not apply to on-going activities of the Group commenced prior to the entry into the Shareholders' Agreement and disclosed in writing to the other JV Partners. Should Lamprell wish to construct and operate a new yard outside of its existing portfolio in the United Arab Emirates, which it has not previously considered, such non-compete obligations may restrict Lamprell's ability to expand its operations in the MENA region outside of its existing UAE yards for the applicable period, which may impair its ability to achieve revenue growth during that period.

In addition, Lamprell as a technical partner has agreed that, until the Zone A and Zone D have achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer), it will use good faith efforts to include JVCo in any bid proposal for and, subject to feasibility, will seek to subcontract work to JVCo with respect to:

- any MRO work on any offshore drilling rig, offshore support vessel or commercial vessel located in or transiting through the Arabian Gulf (other than offshore drilling rigs currently, and only for so long as they are, used for drilling in UAE waters), the Arabian Sea, Gulf of Aden or Red Sea, provided that the aggregate contract value of such work is in excess of US\$3 million (subject to indexation); and
- any new-build construction of offshore drilling rigs, offshore support vessels or commercial vessels which are ordered by an entity residing in, or which Lamprell knows or should reasonably have known are destined for use by an entity in, the MENA region (excluding the United Arab Emirates).

The Directors believe that work subcontracted by Lamprell to JVCo will ultimately be able to be done more cost efficiently at the Maritime Yard than in Lamprell's yards given potential economies of scale and purchasing power and, therefore, would have an overall positive effect on the Group's financial performance as a result of improved margins and competitiveness. However, in the event the Maritime Yard is not more efficient than Lamprell's yards or it takes time for the Maritime Yard to realise the efficiency gains, in order to maintain margins at its UAE yards, Lamprell may be required to pass through JVCo's additional costs to its customers or accept lower margins in order for its pricing to remain competitive and to ultimately win the work. If Lamprell is not able to do so, it may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

1.8 *There are risks to Lamprell if Shareholders do not approve the Resolution.*

If Shareholders do not approve the Resolution, Lamprell will remain liable for its share of costs incurred under the terms of the memorandum of understanding and the joint development agreement entered into by the JV Partners in 2016. Lamprell's share of such costs will be pro rata to its equity interest in JVCo and, as at

31 December 2016, was approximately US\$2.2 million). In addition, it would be likely that one of the Group's competitors would be sought to take its place amongst the other JV Partners, thereby allowing access to the important Saudi market (and, in all likelihood, the adjacent UAE market) which such competitor might not otherwise have. Moreover, in the longer term, the Maritime Yard may become a competitor to the Group's UAE operations and, in light of the Maritime Yard's potential efficiencies in scale, purchasing power and productivity, may be able to offer the same or similar services at lower prices and/or in faster timeframes, resulting in the Group potentially losing future business in the business lines that the JVCo pursues. As the Maritime Yard and Lamprell's potential involvement has been widely publicised, Lamprell may suffer reputational damage if the Transaction does not proceed, not just with the other JV Partners but also with the industry generally. Lamprell has not previously sought to undertake a project with the scale and profile of the proposed joint venture and a failure to gain Shareholder support, for whatever reason, could tarnish Lamprell's reputation as an attractive partner both in the Kingdom, in the Middle East region and more widely. Further, Lamprell could lose access to the important Saudi market, including access to the LTA and General Bid Slate programmes. Any of the above may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

2. Existing risks relating to the Group which will be impacted by the Transaction

2.1 It may be more difficult for the Group to access financing in the longer term due to its significant financial commitments to JVCo.

Future projects arising in the longer term, which are as yet unplanned and unforeseen, may depend upon the Group's ability to obtain financing through debt financing and other means. The amount of the Group's financial commitments to JVCo may make it more difficult for Lamprell to secure financing or refinancing on acceptable terms, or at all, or the terms of any available financing or refinancing may be more onerous than under the Group's existing debt facilities. While Lamprell has received consents from its lenders under the Facilities Agreement to make amendments thereto which allow (i) Maritime Offshore to enter into the Shareholders' Agreement; and (ii) Lamprell Energy Limited to provide a guarantee of Maritime Offshore's obligations under the Shareholders' Agreement (capped at its aggregate maximum commitment of US\$140 million until such time as Maritime Offshore becomes an obligor), further investments and guarantees may not be permitted or may require the consent of the Group's lenders. The level of the financial commitment in relation to JVCo, particularly if it increased over time, may also put more pressure on the Group's ability to meet its financial covenants. Lack of access to financing to implement any future growth plans or pursue acquisitions may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

2.2 The Group may have increased costs relating to employment and works visas for new and existing employees who may be seconded to Saudi Arabia and the temporary loss of those employees' services may place a strain on the remaining workforce's capacity.

As a condition under the Shareholders' Agreement, Lamprell Energy Limited will enter into a secondment agreement under which, *inter alia*, JVCo may request employees from the Group be seconded to JVCo. While JVCo will pay agreed rates for Group secondees (which are expected to offset the remuneration payable by the Group), and may be required by law to pay specified employment costs and benefits of non-Saudi nationals seconded to JVCo, the Group will remain responsible for payment of all remuneration to its seconded employees. The Group will also be solely responsible for the costs of repatriating all of its seconded employees at the end of each secondment. As a result, for so long as the Group is required to fulfil its secondment commitments, its employee costs which, if not offset by paid secondment rates, increased revenue and/or a decrease in other costs, may result in decreased profitability. In addition, the Group is dependent on the efforts, expertise and experience of its management and essential employees. If the Group is unable to meet its obligations under its secondment agreement with JVCo, it would be in breach of the agreement, which, if not remedied by Lamprell within the specified time, may be an event of default under the Shareholders' Agreement. The temporary loss of any such person's services within the Group may place a strain on the remaining workforce's capacity and/or may require the Group to recruit additional employees with the requisite experience and qualifications either for secondment to JVCo or to replace seconded employees. Failure to offset employee costs and loss of personnel, therefore, may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

2.3 The Group may face political and other risks relating to its increased exposure in the Kingdom.

While the Group has been exposed to political and other risks of operating in the MENA region for a long period of time, it has not previously had significant exposure to political and other risks of operating in the Kingdom. Tensions have persisted between Saudi Arabia and Iran, as exemplified recently by Saudi Arabia recalling its ambassador to Iran in January 2016. Furthermore, in March 2015, a coalition of countries, led by Saudi Arabia and supported by the international community, commenced military action against the Al-Houthi rebels in Yemen. Although the coalition scaled back its military operations in Yemen in March 2016 and a ceasefire was declared in April 2016, the conflict in Yemen is not yet fully resolved, military operations continue at a reduced scale and there can be no assurance that the conflict in Yemen will not continue or re-escalate. In December 2015, the Government of the Kingdom announced the establishment of an intergovernmental military alliance of 34 countries, based at a joint command centre in Riyadh, the primary objective of which is to combat terrorist organisations. Whilst tensions between western nations and Iran had reduced since the change in Iranian leadership in 2012, a tougher stance by the United States following the election of Donald Trump as President of the United States, including, for example, the re-introduction of sanctions against Iran is likely to increase the risk that tensions with Iran will escalate in the future. Continuing instability and unrest may significantly impact the markets and real economy of the Kingdom. If, and to the extent, this volatility leads to an outflow of expatriate residents or capital, or to potential instability or government change in the Kingdom, it may have a material adverse effect on JVCo, the Group's investment in JVCo and, subsequently, the Group's business, financial condition, results of operations or prospects.

PART III—PRESENTATION OF INFORMATION

1. Introduction

No person has been authorised to give any information or to make any representations in connection with the Transaction other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Investec. This document includes certain information that has been sourced from third parties. This third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Some of the aforementioned third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying information contained in these third party sources, it is unable to verify such information.

No representation or warranty, express or implied, is made by Investec as to the accuracy or completeness of the information in this document, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Investec as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary circular pursuant to Listing Rule 10.5.4R, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company will update the information provided in this document by means of a supplement hereto if it becomes aware of a material change affecting any matter it is required to have disclosed in this document or a material new matter which the Company would have been required to disclose in this document if it had arisen at the time of its publication that may affect the ability of Shareholders to make a properly informed decision about whether to vote in favour of the Resolution. This document and any supplement thereto will be subject to approval by the FCA.

The contents of this document should not be construed as legal, financial or tax advice. Shareholders should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice.

2. Financial information

2.1 General

Unless otherwise indicated, the historical financial information included and/or incorporated by reference in this document is audited and has been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“IFRS”) and is presented in a form that is consistent with the accounting policies adopted by the Company in its latest annual consolidated accounts.

The significant IFRS accounting policies described in Note 2 (“Summary of significant accounting policies”) to the Company’s annual report and accounts for the year ended 31 December 2016 are applied consistently in the preparation of the historical financial information included and/or incorporated by reference in this document.

2.2 Pro forma financial information

The unaudited pro forma financial information of the Group set out in Section A of Part IV (*Unaudited pro forma financial information*) of this document has been prepared to illustrate the effect of the Transaction on the consolidated net assets of the Group as at 31 December 2016 as if it had taken place on 31 December 2016.

The unaudited pro forma statement of net assets is compiled on the basis set out in the notes set out in Section A of Part IV (*Unaudited pro forma financial information*) of this document and in accordance with the accounting policies adopted by the Company for the year ended 31 December 2016.

3. Exchange rates

Unless otherwise specified, this document contains certain translations of US dollars (US\$) into amounts in Saudi Riyals (SAR) for the convenience of the reader based on the exchange rate of SAR = US\$0.27, being the exchange rate according to Financial Times at 9.00 a.m. (London time) on 30 May 2017 (the latest practicable date prior to the posting of this document).

4. No profit forecast

No statement in this document or incorporated by reference into this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for any member of the Group as appropriate.

5. Information on risk factors

The risk factors set out in Part II (*Risk Factors*) of this document are those material risk factors relating to or resulting from the Transaction of which the Directors are aware. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties relating to the Transaction, or which will be new to the Group as a result of the Transaction or which are existing for the Group and will be impacted by the Transaction. Additional risks and uncertainties that are not at present known to the Directors, or that the Directors currently deem immaterial, may also have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

6. Forward-Looking Statements

Certain statements contained in this document, including those in Part II (*Risk Factors*) of this document, constitute "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ, before making any decision whether to vote in favour of the Resolution. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group or JVCo, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's and/or JVCo's present and future business strategies and the environment in which the Group and/or JVCo will operate in the future. Such risks, uncertainties and other factors include those set out more fully in Part II (*Risk Factors*) of this document and include, among others: general economic and business conditions, industry trends, competition, changes in government regulation, economic downturn and the Group's ability to implement expansion plans or JVCo's ability to implement its business plan. These forward-looking statements speak only as at the date of this document. Except as required by the FCA, the Listing Rules, Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse, applicable law or relevant regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. This statement does not seek to qualify the working capital statement given at paragraph 9 of Part VI (*Additional information*) of this document.

7. Rounding

Certain figures included in this document and in the information incorporated by reference into this document have been subject to rounding adjustments. Accordingly, discrepancies in tables between the totals and the sums of the relevant amounts is due to rounding.

8. Time

All references in this document to time are to UAE time unless stated otherwise.

9. Definitions

Capitalised terms used in this document have the meanings ascribed to them in Part IX (*Definitions*) of this document.

PART IV—UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A—Pro forma statement of net assets of the Group

The following unaudited pro forma statement of net assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been compiled based on the audited historical consolidated balance sheet of the Group as at 31 December 2016 and has been prepared on the basis of the notes set out below.

The Unaudited Pro Forma Financial Information has been prepared to illustrate the effect of the Transaction on the Group’s net assets on the basis that from the aggregate maximum equity commitment of the Group to JVCo pursuant to the Shareholders’ Agreement the sum of US\$22.2 million (reflecting Lamprell’s initial contribution to capitalise JVCo plus certain costs already incurred by the Group) is paid to JVCo by way of an equity commitment on the date of the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position. It may not, therefore, give a true picture of the Group’s financial position nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The Unaudited Pro Forma Financial Information has been prepared on the basis set out in the notes below and in accordance with items 1 to 6 of Annex II to the PD Regulation.

US\$ '000s	Adjustments		
	Group as at 31 December 2016 (note 1)	Effect of equity investment in JVCo (Note 2)	Unaudited pro forma net assets of the Group as at 31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	172,328	—	172,328
Intangible assets	24,951	—	24,951
Trade and other receivables	10,905	—	10,905
Term and margin deposits	6,777	—	6,777
Derivative financial instruments	115	—	115
Investment accounted for using the equity method	7,229	22,200	29,429
Total non-current assets	222,305	22,200	244,505
Current assets			
Inventories	24,415	—	24,415
Trade and other receivables	264,417	(2,200)	262,217
Derivative financial instruments	58	—	58
Cash and bank balances	327,893	(20,000)	307,893
Total current assets	616,783	(22,200)	594,583
Total assets	839,088	—	839,088
LIABILITIES			
Current liabilities			
Borrowings	(20,321)	—	(20,321)
Trade and other payables	(180,021)	—	(180,021)
Derivative financial instruments	(465)	—	(465)
Provision for warranty costs and other liabilities	(7,958)	—	(7,958)
Current tax liability	(223)	—	(223)
Total current liabilities	(208,988)	—	(208,988)
Net current assets	407,795	(22,200)	385,595
Non-current liabilities			
Borrowings	(39,163)	—	(39,163)
Derivative financial instruments	(794)	—	(794)
Provision for employees' end of service benefits	(34,745)	—	(34,745)
Total non-current liabilities	(74,702)	—	(74,702)
Total liabilities	(283,690)	—	(283,690)
Net assets	555,398	—	555,398

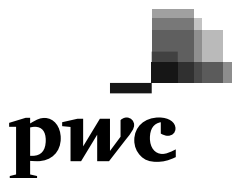
Notes:

- (1) The net assets of the Group as at 31 December 2016 have been extracted without material adjustment from the audited consolidated balance sheet of the Group as at 31 December 2016, which has been prepared in accordance with IFRS, as incorporated by reference in Part VIII (*Documents Incorporated by Reference*) of this document.
- (2) Adjustments reflect the initial investment by the Group of US\$22.2 million to capitalise JVCo, a limited liability company to be incorporated under the laws of Kingdom of Saudi Arabia. This initial investment amount comprises (i) a cash contribution of US\$20 million; and (ii) settlement of other receivables of JVCo, which as at 31 December 2016 were approximately US\$2.2 million and relate to costs incurred by the Group and which are eligible to be offset by Lamprell against its equity contribution to JVCo pursuant to the terms of the Shareholders' Agreement. The investment in JVCo is to be made through the Company's wholly-owned subsidiary, Maritime Offshore Limited. This investment reflects the terms of the Shareholders' Agreement. Please see Part V (*Principal terms of the Transaction*) of this document for details of the principal terms of the Transaction.
- (3) The initial investment amount included in paragraph 2 above represents the Company's initial contribution into the share capital of JVCo on the date of its incorporation. The Company's aggregate maximum financial commitment (including the provision of subordinated shareholder loans) under the Shareholders' Agreement is US\$140 million as explained in Part V (*Principal Terms of the Transaction*). This equity contribution will be made in accordance with the agreed phasing as explained in paragraph 6.1 of Part I (*Letter from the Chairman of Lamprell plc*). Assuming an initial investment of US\$22.2 million included in the pro forma adjustment

in paragraph 2 above, the balance of the Company's aggregate maximum commitment to the equity of JVCo (including the provision of shareholder loans) under the Shareholders' Agreement as at the date of the Unaudited Pro Forma Financial Information amounts to US\$117.8 million.

- (4) No transactions have taken place between 1 January 2017 and the date of this document which may render the Unaudited Pro Forma Financial Information misleading.
- (5) No account has been taken of trading activities of the Group since 31 December 2016.
- (6) The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the UK Companies Act 2006.

Section B—Accountants’ report on the unaudited pro forma financial information of the Group



The Directors
Lamprell plc
Fort Anne
Douglas
Isle of Man
IM1 5PD

Investec Bank plc
2 Gresham Street
London
EC2V 7QP
United Kingdom

31 May 2017

Dear Sirs

Lamprell plc (the “Company”)

We report on the unaudited pro forma statement of net assets (the “**Pro forma financial information**”) set out in Section A of Part IV of the Company’s Investment Circular dated 31 May 2017 (the “**Circular**”) which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the proposed investment might have affected the consolidated net assets of the Company and its subsidiaries presented on the basis of the accounting policies adopted by the Company in preparing the unaudited consolidated financial statements for the period ending 31 December 2016. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority and items 1 to 6 of Annex II to the PD Regulation (the “**Listing Rules**”) and is given for the purpose of complying with that Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro forma financial information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily

of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the unaudited Pro forma financial information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers

PART V—PRINCIPAL TERMS OF THE TRANSACTION

Section A—Shareholders' Agreement

1. Introduction

On 31 May 2017, Maritime Offshore (a wholly-owned subsidiary of Lamprell), Saudi Aramco, Bahri and HHI entered into a conditional shareholders' agreement in relation to the proposed joint venture between the JV Partners with respect to the establishment, development and operation of a maritime yard for the construction, maintenance and repair of offshore drilling rigs and vessels which is to form part of the complex known as "the King Salman International Complex for Maritime Industries & Services". The Shareholders' Agreement sets out the rights and obligations of each of the parties thereto in relation to the formation and governance of JVCo, a special purpose vehicle to be established by the JV Partners as a limited liability company under the laws of the Kingdom. The principal terms of the Shareholders' Agreement are as set out below.

It is intended that the Maritime Yard will be managed and maintained by JVCo to provide engineering, fabrication and repair services for offshore rigs, commercial vessels and offshore service vessels (as well as potentially other business streams in the longer term). Certain JV Partners will be responsible for specified Zones within the Maritime Yard and assisting in the achievement of operational independence of those Zones (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer).

If the Resolution is not passed, the Shareholders' Agreement will terminate and the JV Partners will not proceed with the Transaction. If the Resolution is passed, but the other conditions under the Shareholders' Agreement are not satisfied or (where applicable) waived, the Transaction will be incapable of completing. In either case, the Company will not be obligated to fulfil any of its commitments thereunder (including its financial commitments). However, the Company will remain liable for its share of costs incurred under the terms of the memorandum of understanding and the joint development agreement entered into by the JV Partners in 2016. Lamprell's share of such costs will be pro rata to its equity interest in JVCo and, as at 31 December 2016, was approximately US\$2.2 million. Please refer to paragraph 5 of this Part V for further details of the conditions precedent to completion of the Transaction.

2. Term

The Shareholders' Agreement has an initial term of 60 years, and shall automatically renew for a term of 40 years and may be renewed for further periods thereafter, unless any JV Partner provides written notice of its intention not to renew at least 24 months prior to the end of the initial term or renewed period. The non-renewing JV Partner shall transfer all of its interest in JVCo to those JV Partners wishing to renew the term. Such transfer shall occur pursuant to a pre-emptive offer under the laws of the Kingdom. If no JV Partners wish to renew the term, they shall use commercially reasonable efforts to sell JVCo or its business or, failing which, to resolve to dissolve JVCo upon expiry of the relevant term.

3. Capital structure

It is intended that JVCo will have a capital structure that employs a mix of equity and debt.

3.1 Capital contributions

JVCo's initial authorised share capital (being the Saudi Riyals equivalent of US\$100 million) will comprise:

- 20,000 shares, representing 20.0 per cent. of JVCo's total issued share capital, to be acquired by Maritime Offshore for an initial capital contribution of US\$20.0 million;
- 50,100 shares, representing 50.1 per cent. of JVCo's total issued share capital, to be acquired by Saudi Aramco for an initial capital contribution of US\$50.1 million;
- 19,900 shares, representing 19.9 per cent. of JVCo's total issued share capital, to be acquired by Bahri for an initial capital contribution of US\$19.9 million; and
- 10,000 shares, representing 10.0 per cent. of JVCo's total issued share capital, to be acquired by HHI for an initial capital contribution of US\$10.0 million.

The maximum capital contribution (through shareholdings and/or subordinated shareholder loans) required by each JV Partner will be the Saudi Riyals equivalent of:

- in relation to Maritime Offshore, US\$140.0 million;
- in relation to Saudi Aramco, US\$350.7 million;
- in relation to Bahri, US\$139.3 million; and
- in relation to HHI, US\$70 million.

If any JV Partner defaults on its obligation to make further capital contributions up to the relevant maximum, the non-defaulting JV Partners will be required to cover the shortfall in capital contributions in proportion to their respective ownership interests up to their respective maximums. Lamprell will not be obligated to invest more than its aggregate maximum commitment of US\$140 million.

3.2 *Financing*

In addition to the initial capital contributions to be made by the JV Partners, it is intended that JVCo will enter into financing agreements which it is envisaged will be sufficient to fully fund the construction of the Maritime Yard.

SIDF has provided four commitment letters dated 21 November 2016 to Saudi Aramco (on behalf of JVCo, when established) pursuant to which it has conditionally agreed to enter into the SIDF Facility Agreement with JVCo. The SAR3.75 billion (approximately US\$1 billion) to be provided thereunder will be used for the purpose of funding JVCo's financial requirements in respect of the development and operation of the Maritime Yard and will be repayable semi-annually. The commitment letters set out the key terms and conditions of the proposed facility agreement.

Entry into the SIDF Facility Agreement will be conditional on, *inter alia*:

- JVCo's obligations being secured by a mortgage over all of its fixed assets;
- JVCo obtaining a commercial registration and industrial licence acceptable to SIDF;
- the offtake agreements with Saudi Arabian Oil Company and Bahri and the land and infrastructure lease agreement in respect of the land on which the Maritime Yard will be located each being in a form acceptable to SIDF;
- satisfactory credit checks of Lamprell and HHI; and
- each of the JV Partners providing adequate comfort of its support of JVCo, which in respect of Lamprell is expected to comprise written confirmation of its intention to provide the necessary operational support to JVCo in its role as technical partner for Zones A and D.

Disbursements against specified works will be subject to SIDF being satisfied with the cost and scope/specifications. Disbursement of (i) the final 50 per cent. of the loan will be subject to SIDF being satisfied with the required utilities supply arrangements and (ii) the final 30 per cent. of the loan will be subject to JVCo having satisfactorily complied with SIDF's industrial safety standards and environmental requirements.

JVCo will also be required to meet certain financial and business covenants, including maintaining a ratio of current assets to current liabilities of not less than 1:1 and a ratio of total liabilities to tangible net worth of not more than 3:1, and ensuring that dividends do not exceed the lower of (i) 25 per cent. of JVCo's paid in capital and (ii) the amount repaid on the SIDF Facility Agreement in the fiscal year.

Failure to comply with any covenant, term or condition or any breach of warranty under the SIDF Facility Agreement will be an event of default which, if not remedied within 30 days of notice, shall give SIDF the right to declare all borrowings to be immediately due and payable.

While the JV Partners have received assurances regarding the anticipated terms, as well as the four commitment letters from SIDF, there can be no guarantee that SIDF will not seek to amend the proposed terms and conditions outlined above to make them more onerous or that it will deliver in full or at all its expected debt financing commitment. Any proposed amended terms of the SIDF Facility Agreement which are not acceptable or which are materially different to those anticipated by Lamprell may be deemed a material change in the terms of the Transaction, which could require the Company to seek further Shareholder approval. For further information about the risks relating to the SIDF Facility Agreement, see paragraph 1.6 of Part II (*Risk Factors*).

No other financing agreements are envisaged to be entered into presently. However, the Board of Managers has discretion to resolve to recommend that each JV Partner advances subordinated loans to JVCo or its subsidiaries in an aggregate principal amount proportionate to its interest in JVCo's total issued share capital. The Board of Managers by a 75 per cent. vote also may resolve to raise additional third-party financing.

4. Board of Managers

JVCo will be managed by a Board of Managers which will have broad power and authority to manage and operate the business of JVCo, including through the delegation of authority to committees of the Board of Managers, subject to certain matters reserved for the JV Partners.

For so long as the JV Partners' respective ownership interests in JVCo remain as set out in paragraph 3.1 of this Part V, the Board of Managers will comprise nine managers: Lamprell may appoint two managers (one of whom will act as deputy chairperson for so long as Lamprell retains the second largest ownership interest in JVCo), Saudi Aramco may appoint five managers (one of whom will act as chairperson), Bahri may appoint one manager and HHI may appoint one manager. At least one member of the Board of Managers shall be a Saudi national or resident of the Kingdom.

If there is any change in the JV Partners' respective ownership interests in JVCo, the Board of Managers will be increased to comprise ten managers and each JV Partner will be entitled to appoint, replace and remove one manager for each whole 10.0 per cent. ownership interest held by that JV Partner. If such change in ownership interest results in a JV Partner ceasing to have an entitlement to appoint the number of managers it has previously appointed to sit on the Board of Managers, that JV Partner shall procure the removal of the requisite number of appointees so as to comply with the terms of the Shareholders' Agreement.

Saudi Aramco shall be entitled to appoint, replace and remove at least one manager for so long as it holds any ownership interest in JVCo (whether through shares held or by way of subordinated loans to JVCo). If Saudi Aramco ceases to have any ownership interest in JVCo then it shall cease to have any appointment right, each of its previous appointees shall be removed immediately from the Board of Managers and the right to appoint the chairperson of the Board of Managers shall pass to the JV Partner with the largest ownership interest in JVCo. If any JV Partner other than Saudi Aramco ceases to have at least a 10.0 per cent. ownership interest, then it shall cease to have any appointment right and each of its previous appointees shall be removed immediately from the Board of Managers.

Save as set out above, each manager shall serve for a term of three years following appointment, or such shorter term as the appointing JV Partner may decide. A manager may be removed and replaced by the appointing JV Partner at any time, by way of notice signed by or on behalf of that JV Partner and delivered to the Board of Managers. Any JV Partner who removes a manager shall be responsible for and shall indemnify the other JV Partners and JVCo against any claims brought by the removed manager(s). Each JV Partner is responsible for the remuneration and reimbursement of expenses of its Board of Managers appointee(s).

5. Conditions precedent

The Shareholders' Agreement will become effective and JVCo will commence business after certain conditions have been satisfied or (where applicable) waived. The conditions precedent include, *inter alia*:

- approval of the Transaction by Shareholders through the passing of the Resolution;
- notification by the Korea Fair Trade Commission that the transactions contemplated by the Shareholders' Agreement does not violate Article 7, Paragraph 1 of the Monopoly Regulation and Fair Trade Law or if the Korea Fair Trade Commission issues an examiner's report on the transactions contemplated by the Shareholders' Agreement, it then issuing a decision approving the transactions contemplated by the Shareholders' Agreement, in either case on terms reasonably satisfactory to the JV Partners;
- the making of requisite registrations and filings for the formation of JVCo;
- the making of requisite filings in accordance with the letter issued by Saudi Customs to the Secretary of the Steering Committee setting out the requirements that must be fulfilled for the Maritime Yard to be eligible for customs' exemptions;
- entry into the SIDF Facility Agreement and/or such other financing agreements with SIDF (or such other Government lender agreed by the JV Partners) as would be sufficient to fully fund construction of the Maritime Yard; and

- certain project agreements relating to the JV (other than the land and infrastructure lease agreement), as described in Section B of this Part V, having been unconditionally and irrevocably executed by the relevant parties thereto.

Each JV Partner shall use all reasonable endeavours to procure that the conditions precedent (insofar as any such condition is within its reasonable power or control to fulfil) are fulfilled as soon as practicable and in any event within one year from the date of the Shareholders' Agreement.

If the conditions precedent (other than the condition for approval of the Transaction by Shareholders) have not been satisfied or, where applicable waived on or before one year from the date of the Shareholders' Agreement (or such later date as all of the JV Partners may agree in writing), each JV Partner shall have the right to terminate the Shareholders' Agreement, provided the reason for non-satisfaction of a condition precedent is not due to that JV Partner's failure to fulfil its own obligations.

If the condition precedent for approval of the Transaction by Shareholders is not satisfied, the Shareholders' Agreement shall terminate and the Company will not proceed with the Transaction.

6. Events of default

The occurrence of certain events will constitute an event of default by a JV Partner. These include, *inter alia*:

- material or persistent breach of the Shareholders' Agreement;
- failure to make its initial capital contribution or required further capital contributions;
- unauthorised transfer of its ownership interest in JVCo;
- entry into insolvency, receivership, winding-up or administration (or similar);
- material breach of any project agreements relating to the joint venture (as described in Section B of this Part V) to which it is a party;
- breach of any undertakings, completion support, indemnities, warranties, securities or guarantees of the SIDF Facility Agreement; and
- failure to comply with legal or regulatory requirements in relation to any increase in JVCo's authorised share capital or amendment of its articles of association to reflect such increase.

If an event of default for failure to make a capital contribution is not remedied within 30 days of notification by the defaulting JV Partner or any other event of default is not remedied within 90 days of notification by the defaulting JV Partner, each of the non-defaulting JV Partners may exercise a call option to require the defaulting JV Partner to sell all (or, in the case multiple non-defaulting JV Partners exercise their call option, that non-defaulting JV Partner's pro rata proportion) of its shares in JVCo within 30 days of agreement by the JV Partners or, in the absence of agreement, determination by an independent expert, of the "exit value" of such shares.

If the defaulting JV Partner is not Saudi Aramco, each of its Board of Managers appointees shall be removed, JVCo's articles of association will be amended to strip the defaulting JV Partner of its right of appointment (if any) to the Board of Managers and the "exit value" payable for the purchase of its shares pursuant to the call option shall be discounted by 25.0 per cent. The "exit value" shall be calculated in accordance with the same procedures as set out in paragraph 7.2 of this Part V.

A failure to make required further capital contributions will constitute a cross-default in any Project Agreement to which the defaulting JV Partner is a party.

7. Exit provisions

7.1 Transfers

Prior to the later of (i) expiry of an initial 10-year period; and (ii) all Zones in the Maritime Yard having achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer), no JV Partner may transfer, assign or otherwise dispose of, or create or permit to subsist any encumbrance on or affecting, its ownership interest in JVCo without the written consent of all other JV Partners. Transfer of shares in JVCo must be transferred with any subordinated loans.

The restriction on transfer excludes transfers to affiliates having an equal or stronger financial position as the transferor (as determined by the Board of Managers), the Government of the Kingdom (or any agency or affiliate thereof) or another JV Partner either generally (subject to a right of first refusal by Saudi Aramco) or

pursuant to an exit (as described below). Notwithstanding the permitted transfer of some or all of its shares in JVCo, each JV Partner shall remain responsible for performing or procuring the performance of the transferee's obligations under the terms of the Shareholders' Agreement.

Permitted transfers are subject to the pre-emption rights of the other JV Partners, the terms of any financing agreements and compliance with applicable law and regulation. If the transferee is not another JV Partner, the transfer must result in both the transferor (in the case of a partial transfer only) and the transferee holding at least a 10.0 per cent. ownership interest in JVCo. Any transferee must execute an agreement of adherence to the Shareholders' Agreement.

If the transferor is responsible for one of the Zones of the Maritime Yard, any transfer of ownership interests is subject to Saudi Aramco either being satisfied that the relevant Zone has achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer) or accepting the transferee.

If at any time after the transfer of ownership interests in JVCo to a transferee is effected that transfer would cease to have been permissible, such transfer must be reversed or the ownership interest must be transferred in a permitted manner.

7.2 Change of control

Under the terms of the Shareholders' Agreement, a change of control means: with respect to any JV Partner, it (i) coming under the control of any other person who did not control it or (ii) ceasing to be controlled by a person who controlled it, in each case as at the date it became a party to the Shareholders' Agreement, provided that, with respect to Saudi Aramco only, a change of control arising as a result of (x) any or all of the shares of Saudi Aramco or any of its affiliates, or any of the shares of a holding company of Saudi Aramco or any of its affiliates, having a portion of its shares offered publicly or listed and thereafter traded on a recognized stock exchange; (y) any Government-controlled merger, consolidation, amalgamation, restructuring or reconstitution of any Governmental entity or Saudi Arabian oil company; or (z) any transfer to an agency or an affiliate of the Government (including, for the avoidance of doubt, any Government-owned lender) shall not constitute a change of control of Saudi Aramco.

In the event of a change of control of a JV Partner, that JV Partner must promptly notify the other JV Partners. The other JV Partners may, within 30 days of such notice, resolve (on a simple majority basis, by number of shareholders and shares held) whether or not to object to the change of control.

If a majority (by number of shareholders and shares held) of the other JV Partners object to the change of control, any such JV Partner may, within 60 days from the date of objection, issue a call notice to require the JV Partner the subject of the change of control to sell all (or, in the case multiple other JV Partners exercise their call option, that JV Partner's pro rata proportion) of its shares, subordinated loans and other securities in JVCo. Prior to the Maritime Yard becoming operationally independent (being, in respect of each Zone, when JVCo has completed a new-build project for a non-JV Partner customer), the price at which such sale will be made (the "exit value"), will be as agreed between the JV Partners or, in the absence of agreement, as determined by an independent expert. The "exit value" will be based on an enterprise value of the relevant interest in JVCo less net debt, subject to certain valuation assumptions as set out in the Shareholders' Agreement. In determining the "exit value", amongst other things, the cash flows arising under the Saudi Arabian Oil Company and Bahri offtake agreements will be excluded. As a result, the "exit value" is likely to be lower than a "fair value" (and substantially lower during the term of the Saudi Arabian Oil Company and Bahri offtake agreements) and the Directors also expect it will be lower than the aggregate value of Lamprell's investment in JVCo in the period prior to the Maritime Yard becoming operationally independent. After the Maritime Yard has become operationally independent, the price at which such a sale will be made will be based on a "fair value" that will not exclude the cash flows arising under the Saudi Arabian Oil Company and Bahri offtake agreements.

If a majority (by number of shareholders and shares held) of other JV Partners do not object to the change of control or take no decision in relation thereto within 30 days from the date of notice of the change of control, or if no call notice is issued within 60 days from the date of objection, then the change of control shall be deemed to have not been objected to.

The JV Partner the subject of the change of control must also procure each of its Board of Managers appointees resigns with immediate effect and will lose any power to make future appointments.

8. Warranties, covenants and undertakings

Each JV Partner has given certain warranties, covenants and undertakings to the other JV Partners as are customary for an agreement of this nature. In addition, the Shareholders' Agreement contains the following covenants.

8.1 *Exclusivity*

Under the terms of the Shareholders' Agreement, each JV Partner has agreed that for a period starting on the date of the Shareholders' Agreement and ending:

- (i) on the earlier of (x) the date it or any of its affiliates ceases to hold any shares in JVCo and (y) termination or expiry of the Shareholders' Agreement; and
- (ii) for a further three year period following the relevant date in (i) above in relation to any existing yard and for a further period of one year following the relevant date in (i) above in relation to any new yard,

neither it nor its affiliates will, without the consent of the other JV Partners:

- (iii) construct, control, own or operate or otherwise be directly or indirectly interested in (whether as trustee, principal, agent, shareholder, unit holder or similar capacity) any yard conducting any business similar to or competitive with the business activities of JVCo or its subsidiaries, namely the construction, maintenance and repair of offshore drilling rigs, offshore supply vessels and/or commercial vessels, within the MENA region (subject to certain caveats and excluding, in respect of Lamprell only, the United Arab Emirates); or
- (iv) solicit or persuade any person, corporation or entity which is a customer or client of JVCo or a member of its group, or who was previously a customer or client thereof within the prior 18 months, to cease conducting business with JVCo or a member of its group.

Lamprell may control or operate (but not engage in any of the other acts set out in (iii) above) projects involving the manufacture and/or MRO of offshore drilling rigs only, provided that its involvement in any and all such projects shall conclude prior to the commercial operation date of Zone A or Zone D, whichever is earlier.

This exclusivity covenant is subject to certain *de minimis* thresholds and does not apply to on-going activities of the Group or HHI commenced prior to the entry into the Shareholders' Agreement and disclosed in writing to the other JV Partners.

8.2 *Technical shareholder support*

Each of Lamprell and HHI as technical partners has agreed, until the relevant Zones for which they are responsible have achieved operational independence (being, in respect of each Zone, when it has completed a new-build project for a non-JV Partner customer), to use good faith efforts to support JVCo to enable it to independently conduct marketing activities in relation to the relevant Zones which efforts shall include, at the request of JVCo:

- supporting efforts to obtain relevant certifications;
- providing on-the-job training for JVCo's marketing personnel;
- introducing the Maritime Yard and JVCo to their respective existing and potential clients and to seek to have any solicitation of interest or invitation to bid for work directly related to the relevant Zones from such clients extended to JVCo;
- supporting JVCo to qualify and/or pre-qualify with their respective existing and potential clients to participate in bids and submissions for work directly related to the relevant Zones; and
- actively include the commercial representatives of the Maritime Yard and JVCo in their respective marketing activities, to a practicable and reasonable extent, in relation to its own business to the extent they relate directly to offshore rigs, offshore vessels and commercial maritime vessels.

In addition, each of Lamprell and HHI as technical partners has agreed that, until the relevant Zones for which they are responsible have achieved operational independence (being, in respect of each Zone, when it has

completed a new-build project for a non-JV Partner customer), it will use good faith efforts to include JVCo in any bid proposal for and, subject to feasibility, will seek to subcontract work to JVCo with respect to:

- any MRO work on any offshore drilling rig, offshore support vessel or commercial vessel located in or transiting through the Arabian Gulf (other than, in respect of Lamprell only, offshore drilling rigs currently, and only for so long as they are, used for drilling in UAE waters), the Arabian Sea, Gulf of Aden or Red Sea, provided that the aggregate contract value of such work is in excess of US\$3 million (subject to indexation); and
- any new-build construction of offshore drilling rigs, offshore support vessels or commercial vessels which are ordered by an entity residing in, or which Lamprell or HHI (as applicable) knows or should reasonably have known are destined for use by an entity in, the MENA region (excluding, in respect of Lamprell only, the United Arab Emirates).

9. Lamprell guarantee

Lamprell Energy Limited (a wholly-owned subsidiary of the Company) will provide a guarantee of the obligations, commitments, undertakings, representations, warranties, indemnities and covenants of Maritime Offshore under the Shareholders' Agreement (capped at its aggregate maximum commitment of US\$140 million until such time as Maritime Offshore becomes an obligor under the Group's existing facilities). The guarantee shall remain in force from the date of the Shareholders' Agreement until the later of (i) the end of the initial 60-year term of the Shareholders' Agreement and (ii) the final resolution of all pending disputes to which Maritime Offshore is a party, pursuant to, in connection with, relating to or arising out of the Shareholders' Agreement or the agreements described in Section B of this Part V to which Maritime Offshore is a party.

10. Governing law and jurisdiction

The Shareholders' Agreement is governed by the laws of the Kingdom.

The parties have agreed that any dispute arising out of or in connection with the Shareholders' Agreement which is not resolved within 60 business days of receipt of notification of such dispute, shall be referred to and finally resolved by final and binding arbitration under the International Chamber of Commerce Arbitration Rules. The seat or legal place of any arbitration proceedings shall be London.

Section B—Other agreements

It is a condition under the Shareholders' Agreement that JVCo and the relevant JV Partners enter into the following commercial agreements, the terms of which have been agreed by the JV Partners (for themselves and on behalf of JVCo), in connection with operation of the Maritime Yard.

- A master offtake agreement pursuant to which Saudi Aramco's parent company, Saudi Arabian Oil Company, will, conditional upon, *inter alia*, receiving notification of the Maritime Yard having capacity to receive its first order (which is expected to be in 2018), agree to purchase or procure the purchase from JVCo of a minimum of 20 jackup drilling rigs (equating to two rigs per year for ten years), as well as offshore support vessels and MRO services for the jackup drilling rigs and offshore support vessels operating on Saudi Arabian Oil Company's offshore assets, and attaching an agreed form of purchase agreement. The purchase price of each rig will be based on the prevailing and competitive market prices and calculated in accordance with best industry practice estimating processes. On the occurrence of certain events of default or force majeure events, the offtake agreement may be terminated.
- An offtake agreement pursuant to which Bahri will, conditional upon, *inter alia*, receiving notification of the Maritime Yard having capacity to receive its first order (which will be determined by reference to completion of specific construction milestones to be agreed by the parties), agree to purchase from JVCo not less than 75 per cent. of its commercial vessel requirements over ten years, being a minimum of 52 commercial vessels (including a significant number of VLCCs), and MRO services for such vessels. The purchase price of each vessel will be based on the prevailing and competitive market prices at the time the relevant purchase agreement (in the agreed form) is signed. On the occurrence of certain events of default or force majeure events, the offtake agreement may be terminated.
- An agreement for lease pursuant to which Saudi Aramco will agree to use positive efforts to ensure it is granted the necessary rights by the Government to act as landlord to JVCo and enter into a land and shared infrastructure lease agreement described below (and in the form appended to the agreement for lease) following construction of the shared infrastructure of the Maritime Yard (to be funded by the

Government) and the necessary facilities at each of the Zones (to be funded by JVCo) as well as the issuance of a sectional taking over certificate for each of the four Zones. Saudi Aramco will be responsible for the capital infrastructure works at the Maritime Yard to be funded by the Government. This includes dredging the harbour basin and part of the approach channel, part of which will be used to reclaim land for the Maritime Yard, building the marine structures, workshops (other than blasting and painting chambers), warehouses, offices and living quarters, and establishing utility and road access. JVCo will be responsible for the works at the Maritime Yard relating to the specific requirements of the Zones. This includes building the blasting and painting chambers, engineering and procurement of process equipment, and equipment installation, utility tie-ins, testing and commissioning.

- A call-off services agreement pursuant to which the JV Partners or their specified affiliates will agree to provide certain services to JVCo pursuant to agreed statements of work. JVCo will pay the relevant service provider all actual costs and expenses reasonably and properly incurred in providing the relevant services. The call-off services agreement will have a term that ends on the date on which the last Zone of the Maritime Yard reaches operational independence (being when each Zone has completed a new-build project for a non-JV Partner customer), or such earlier date of termination in accordance with its terms.
- A secondment agreement pursuant to JVCo may request employees of the JV Partners or their specified affiliates to be seconded to JVCo to assist JVCo in the conduct of its business. JVCo will pay the JV Partners agreed rates for the provision of services by secondees, such rates to be dependent on the category of employee. The secondment agreement will have a term that ends on the earlier of (i) termination of the Shareholders' Agreement; (ii) in relation to Saudi Aramco, the date on which Saudi Aramco or its affiliates ceases to hold any shareholder instruments in JVCo; and (iii) in relation to a JV Partner other than Saudi Aramco, the date on which that JV Partner or its affiliates ceases to hold any shareholder instruments in JVCo.

Based on the financial model for JVCo compiled in conjunction with the JV Partners, the Directors expect work from Saudi Arabian Oil Company and Bahri, inclusive of their respective offtake agreements, to account for approximately 45 per cent. of the Maritime Yard's revenue in the period from 2018 to 2030.

Provided Saudi Aramco is granted the necessary rights by the Government to act as landlord to JVCo, JVCo will also enter into a land and infrastructure lease agreement (in the form appended to the agreement for lease described above) pursuant to which JVCo will lease the land and shared infrastructure for the Maritime Yard from Saudi Aramco for an initial 50-year term at a total cost of US\$38.5 million per annum in respect of the lease of the infrastructure and US\$458,933 per annum in respect of the lease of the land, which lease will be renewable for a further 50 years, subject to agreement of the terms. If Saudi Aramco is not granted the necessary rights to enable it to enter into the land and shared infrastructure lease in the terms that has been agreed by the JV Partners, it must use positive efforts to procure that the Government or a Government entity grants a lease, licence, concession or other type of occupation agreement to JVCo on substantially the same terms. Otherwise, it may seek to vary the terms thereof (including varying the form of the lease to a license, concession or other type of occupational agreement).

Any lease will commence only once all four Zones have been handed over to JVCo following issuance of sectional taking over certificates for each Zone, which is planned to occur on a staggered basis under the terms of the agreement for lease described above. Until such handover occurs, subject to the status of Saudi Aramco's own works on the site, Saudi Aramco receiving necessary consents and certain other conditions, if requested by JVCo, Saudi Aramco will use reasonable endeavours to grant JVCo access to the various Zones to undertake the work necessary towards preparation for the Zones becoming operational. The additional conditions to early access to the Zones include there being no additional cost to Saudi Aramco, that such access does not materially affect the ability of Saudi Aramco to complete its own works and that such access would not breach relevant health and safety laws.

Saudi Aramco will be responsible for replacing the major works (e.g. dredging, quay walls and wharfs) in the Maritime Yard once they have reached the end of their operational lives. JVCo will be responsible for the ongoing repair and maintenance of the capital infrastructure works. Certain of the infrastructure, such as the access road, yard basin, channel and breakwaters, may be made accessible by other tenants of the Complex under the terms of separate agreements entered into between such other tenants and JVCo.

PART VI—ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear on page 1 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Company information

- 2.1 The Company was incorporated in the Isle of Man under the Companies Acts 1931 to 2004 on 4 July 2006 as a public company limited by shares with registered number 117101C.
- 2.2 The Company's registered office is at Fort Anne, Douglas, Isle of Man, IM1 5PD and its principal place of the business is P.O. Box 33455, Dubai, United Arab Emirates. The phone number of its principal place of business is +971 4 803 9308.

3. Directors' service contracts

The Company has entered into service contracts providing benefits upon termination of employment (in accordance with UAE labour law) with each of Christopher McDonald and Antony Wright.

Details of Mr McDonald's and Mr Wright's service agreements can be found on page 55 of the Company's annual report and accounts for the year ended 31 December 2016 in the section entitled "Directors' Annual Report on Remuneration" and are incorporated by reference into this document.

Save as disclosed in this paragraph 3, there are no other service contracts or letters of appointment between any Director and the Company or any of its subsidiaries providing for benefits upon termination of employment.

4. Directors' beneficial interests in Ordinary Shares

As at 30 May 2017, being the latest practicable date prior to the posting of this document, the beneficial interests of each of the Directors in the Company's share capital were as follows:

<u>Director</u>	<u>Number of Ordinary Shares owned</u>	<u>Number of Ordinary Shares under option</u>	<u>Total beneficial interests in Ordinary Shares</u>	<u>Percentage of issued share capital</u>
John W. Kennedy	1,601,939	548,899	2,150,838	0.6%
Christopher McDonald	—	1,650,827	1,650,827	0.5%
Antony Wright	40,000	577,805	617,805	0.2%

5. Major shareholders' interests

As at 30 May 2017, being the latest practicable date prior to the posting of this document, in so far as is known to the Company, the following persons (other than Directors), directly or indirectly, had interests in 5 per cent. or more of the issued share capital of the Company:

<u>Shareholder</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of issued share capital</u>
Lamprell Holdings Limited	113,182,291	33.12%
Schroders plc	49,975,689	14.63%
Prudential plc group	27,741,364	8.12%
MFS Investment Management	23,627,667	6.92%
FIL Limited	19,318,341	5.65%

6. Related party transactions

Between 1 January 2014 and the date of this document, the Company did not enter into any related party transactions (within the meaning ascribed to that term in paragraph 9 of IAS 24, being the standard adopted according to Regulation (EC) No. 1606/2002) other than as disclosed in Note 24 ('Related party balances and transactions') to each of the Group's annual report and accounts for the years ended 31 December 2014, 2015 and 2016.

7. **Litigation**

Save as disclosed below, there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

On 26 July 2016, the Company announced a delay in delivery of the "Enasco 140" LeTourneau-designed, Super 116E (Enhanced) Class mobile offshore drilling unit to a subsidiary of Enasco plc, which was caused by failures in the jacking equipment supplied by the original equipment manufacturer, Cameron LeTourneau. As announced on 26 August 2016, the Group delivered the "Enasco 140" jackup drilling rig but, having incurred significant costs as a result of the delay in such delivery, the Board advised that it was fully committed to recovering the remedial costs arising from the technical defects in the jacking equipment from Cameron LeTourneau as well as seeking compensation from Cameron LeTourneau. Such efforts to make recovery are ongoing.

8. **Significant change**

There has been no significant change in the financial or trading position of the Group since 31 December 2016, being the end of the last financial period for which either audited financial information or interim financial information for the Group has been published.

9. **Working capital**

The Company is of the opinion that the Group (as constituted after completion of the Transaction) has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

10. **Material contracts**

The following are summaries of (i) each material contract, other than contracts entered into in the ordinary course of business, to which the Company or any member of the Group is a party, for the two years immediately preceding the date of this document; and (ii) any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

10.1 *Shareholders' Agreement*

On 31 May 2017, Maritime Offshore, Saudi Aramco, Bahri and HHI entered into the Shareholders' Agreement as further described in Part V (*Principal terms of the Transaction*) of this document.

10.2 *Joint development agreement*

On 1 June 2016, Maritime Offshore, Saudi Aramco, Bahri and HHI entered into a joint development agreement in connection with the potential partnership collaboration for establishing the Maritime Yard. Pursuant to this agreement, the parties agreed to assess the operational, financial, personnel and legal aspects of the partnership in detail with a view to making a final investment decision. The costs associated with the workstreams covered by the agreement are to be shared by the parties thereto.

10.3 *Facilities Agreement*

On 11 August 2014, the Company, as borrower and guarantor, and certain other members of the Group entered into a facilities agreement, as amended, with a syndicate of banks under which such banks made available certain facilities currently of an aggregate amount of up to US\$300 million (the "**Facilities Agreement**"). The committed facilities under the Facilities Agreement comprise a US\$100 million term loan (of which US\$60 million remains outstanding and drawn down) (facility "A"), a US\$50 million revolving credit facility to be used for working capital purposes (facility "B1") and a US\$100 million revolving credit facility (reduced from an original value of US\$200 million) to be used for funding contract awards (facility "B2"). They accrue interest at a margin of 3.50 per cent. plus LIBOR per annum and mature on 11 August 2019. The Facilities Agreement also originally comprised a committed US\$250 million bonding facility for project bonding requirements in connection with contract awards. Commission fees payable in respect of bonds are 1.35 per cent. to be paid quarterly in advance. This committed bonding facility has now been reduced in value

to US\$50 million following cancellation notifications by the Company in the amount of US\$200 million of the bonding facility.

The Facilities Agreement contains representations, information and financial covenants, undertakings and events of default that are customary for syndicated debt facilities of a publicly listed company. Amongst other things, the undertakings include restrictions on the Group in relation to acquisitions, joint ventures, disposals, incurrence of further indebtedness and capital expenditure, guarantee and security cover as a percentage of the Group's turnover or assets, provision of loans and guarantees, as well as a negative pledge.

In addition, the agreement contains certain financial covenants, which are set out below: (i) a Minimum Liquidity Balance (as that term is defined in the Facilities Agreement) will be maintained at all times in the amount of 1.2 times the amount of any principal outstanding under facility "A"; (ii) the ratio of Borrowings to EBITDA (both capitalised terms as defined in the Facilities Agreement) will not for certain relevant periods exceed a ratio of 3.00:1; (iii) the ratio of EBITDA to Debt Service (as both terms are defined in the Facilities Agreement) will not for certain relevant periods exceed a ratio of 2.00:1; and (iv) the Net Worth (as that term is defined in the Facilities Agreement) of the Group shall at all times during the relevant testing period be greater than an amount between US\$325.0 million and US\$500.0 million (depending on the relevant testing period).

Further, the Facilities Agreement contemplates that the proceeds of a disposal shall be applied in mandatory prepayment of facility A. *De minimis* disposals are excluded from this mandatory prepayment obligation (and up to an aggregate threshold of US\$4 million per financial year). Similar provisions apply in respect of proceeds from any insurance claims of the Group (subject to certain conditions and *de minimis* exceptions). The Facilities Agreement also contemplates that any amounts received by the Group from a customer in respect of a project part funded by a utilisation of facility B2 shall be applied in mandatory prepayment of facility B2.

The facilities available under the Facilities Agreement are secured by way of pledges over the shares in certain of the Group's operating and asset-owning subsidiaries (and their holding companies, as relevant), mortgages over real estate in the United Arab Emirates, an account charge over a debt service reserve account as well as over two barges registered in Panama and security over moveable assets located in the United Arab Emirates.

Lamprell has received consents from its lenders under the Facilities Agreement to make amendments thereto which allow (i) Maritime Offshore to enter into the Shareholders' Agreement; and (ii) Lamprell Energy Limited to provide a guarantee of Maritime Offshore's obligations under the Shareholders' Agreement (capped at its aggregate maximum commitment of US\$140 million until such time as Maritime Offshore becomes an obligor). In addition, although Lamprell has the financial resources to repay its existing facilities, it has also obtained waivers from its lenders in relation to certain of its financial covenants to provide additional financial flexibility. These include a waiver of the ratio of EBITDA to Debt Service covenant up to the period ended 31 December 2018 and the ratio of Borrowings to EBITDA covenant for the periods ended 31 December 2017 and 30 June 2018 (all capitalised terms as defined in the Facilities Agreement). The terms of the consent and waivers requires the Company to complete certain formalities which the Directors expect to be completed within a few weeks after the date of this document.

10.4 *Intercreditor Deed*

On 11 August 2014, the Company, as parent and debtor, and certain other members of the Group entered into an intercreditor deed with a syndicate of banks (the "**Intercreditor Deed**"). The Intercreditor Deed regulates the application of proceeds of enforcement of security provided by the Group pursuant to the Facilities Agreement. The Intercreditor Deed sets out equalisation arrangements amongst various finance and hedging providers, who have each agreed to rank *pari passu* amongst themselves.

10.5 *Controlling Shareholder Agreement*

On 16 November 2014, the Company, Steven Lamprell and Lamprell Holdings Limited (of which Mr Lamprell is the ultimate owner) entered into a controlling shareholder agreement (the "**Controlling Shareholder Agreement**"). The principal purpose of the Controlling Shareholder Agreement is to ensure that the Company is capable of carrying on its business independently of Mr Lamprell and certain persons deemed to be connected with him ("**Connected Persons**").

Pursuant to the Controlling Shareholder Agreement, Mr Lamprell has agreed, *inter alia*:

- to procure that all transactions, agreements or arrangements entered into between the Company and Mr Lamprell (or any of his Connected Persons) are conducted on an arm's length basis and on normal commercial terms; and

- to (and to procure that his Connected Persons do) (i) not take any actions that would reasonably be expected to have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (ii) not propose or procure the proposal of a shareholder resolution that would circumvent or appear to circumvent the proper application of the Listing Rules.

The Controlling Shareholder Agreement will remain in effect for so long as (i) Mr Lamprell (and/or any of his Connected Persons) holds at least 30 per cent. of the Company's issued share capital; and (ii) the Ordinary Shares are admitted to the premium listing segment of the Official List maintained by the FCA.

11. Consents

11.1 Investec has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

11.2 PricewaterhouseCoopers has given and has not withdrawn its written consent to the inclusion of its accountants' report in Section B of Part IV (*Unaudited pro forma financial information*) of this document in the form and context in which it is included.

12. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Fridays, Saturdays and public holidays in the United Arab Emirates excepted) until the conclusion of the General Meeting:

- (a) the articles of association of the Company;
- (b) the report of PricewaterhouseCoopers set out in Section B of Part IV (*Unaudited pro forma financial information*) of this document;
- (c) each of the consent letters referred to in paragraph 11 of this Part VI;
- (d) each of the documents incorporated by reference as set out in Part VIII (*Documents incorporated by reference*);
- (e) the Shareholders' Agreement;
- (f) this document; and
- (g) the Form of Proxy.

PART VII—DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context otherwise requires:

“£”	pounds sterling, the lawful currency of the United Kingdom;
“Bahri”	the National Shipping Company of Saudi Arabia;
“Board” or “Directors”	the directors of the Company as at the date of this document whose names are set out on page 1 of this document;
“Board of Managers”	the board of managers of JVCo, as further described in paragraph 4 of Part V (<i>Principal terms of the Transaction</i>) of this document;
“Company” or “Lamprell”	Lamprell plc;
“Complex”	the King Salman International Complex for Maritime Industries & Services further details of which are set out in paragraphs 1, 2.1 and 3.1 of Part I (<i>Letter from the Chairman of Lamprell plc</i>) of this document;
“Connected Person”	a person deemed to be connected with another person within the meaning of the Listing Rules;
“Controlling Shareholder Agreement”	the controlling shareholder agreement dated 16 November 2014 among the Company, Steven Lamprell and Lamprell Holdings Limited;
“Facilities Agreement”	the facilities agreement dated 11 August 2014, as amended on 30 September 2016, among the Company, as borrower and guarantor, and certain other members of the Group and a syndicate of banks under which such banks made available certain debt and bonding facilities of an aggregate amount of US\$600 million;
“FCA”	the UK Financial Conduct Authority (or its successor bodies);
“Form of Proxy”	the form of proxy for the General Meeting being sent to Shareholders with this document;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“General Meeting”	the extraordinary general meeting of the Company to be held at 7th Floor, Jumeirah Emirates Tower, Sheikh Zayed Road, Dubai, United Arab Emirates at 10.00 a.m. (UAE time) on 26 June 2017 (or any adjournment of it), notice of which is set out at the end of this document;
“Government”	the Government of the Kingdom of Saudi Arabia;
“Group”	the Company and its subsidiary undertakings from time to time;
“HHI”	Hyundai Heavy Industries Co. Ltd.;
“Investec”	Investec Bank plc of 2 Gresham Street, London EC2V 7QP, United Kingdom;
“JVCo”	the special purpose vehicle to be established by the JV Partners as a limited liability company under the laws of the Kingdom pursuant to the terms of the Shareholders’ Agreement;
“JV Partners”	Maritime Offshore, Saudi Aramco, Bahri and HHI;
“Kingdom”	the Kingdom of Saudi Arabia;
“KRW”	South Korean won, the lawful currency of the Republic of South Korea;
“Listing Rules”	the listing rules made by the FCA under section 73A of FSMA;

“ Maritime Offshore ”	Maritime Offshore Limited, a wholly owned subsidiary of Lamprell;
“ Maritime Yard ”	the maritime yard proposed to be operated, maintained and managed by JVCo which is to form part of the Complex, further details of which are set out in paragraphs 1, 2.1 and 3.2 of Part I (<i>Letter from the Chairman of Lamprell plc</i>) of this document;
“ MENA ”	the Middle East and North Africa region, comprising Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, West Bank, Gaza, Yemen, Eritrea, Kenya, Sudan, Somalia, Tanzania, Pakistan, Turkey, and the United Arab Emirates;
“ MRO ”	maintenance, repair and overhaul;
“ Notice of Extraordinary General Meeting ”	the notice of General Meeting set out at the end of this document;
“ Official List ”	the Official List of the FCA;
“ Ordinary Shares ”	ordinary shares of 5 pence each in the capital of the Company;
“ Resolution ”	the ordinary resolution to be proposed at the General Meeting as set out in the Notice of Extraordinary General Meeting, with any permitted amendments thereto;
“ SAR ”	Saudi Riyals, the lawful currency of the Kingdom;
“ Saudi Aramco ”	Saudi Aramco Development Company;
“ Shareholders’ Agreement ”	the shareholders’ agreement entered into by Maritime Offshore, Saudi Aramco, Bahri and HHI dated 31 May 2017 with respect to the establishment, development and operation of the Maritime Yard;
“ Shareholder ”	a registered holder of Ordinary Shares;
“ SIDF ”	Saudi Industrial Development Fund;
“ SIDF Facility Agreement ”	the SAR3.75 billion (approximately US\$1 billion) facility agreement conditionally agreed to be entered into by SIDF with JVCo;
“ Takeover Code ”	the UK City Code on Takeovers and Mergers;
“ Transaction ”	the proposed joint venture between the JV Partners with respect to the establishment, development and operation of the Maritime Yard described in this document;
“ UAE ” or “ United Arab Emirates ”	the federation of the United Arab Emirates, comprising the Emirates of Abu Dhabi, Ajman, Fujairah, Dubai, Ras Al-Khaimah, Sharjah and Umm Al-Quwain;
“ UK ” or “ United Kingdom ”	the United Kingdom of Great Britain and Northern Ireland;
“ Unaudited Pro Forma Financial Information ”	the unaudited pro forma statement of net assets of the Group and the related notes set out in Part IV (<i>Unaudited pro forma financial information</i>) of this document;
“ US\$ ”	US dollars, the lawful currency of the United States of America
“ VAT ”	value-added tax;
“ VLCC ”	Very Large Crude Carrier;
“ Zone A ”	the first zone of the Maritime Yard, as described in paragraph 3 of Part I (<i>Letter from the Chairman of Lamprell plc</i>) of this document;

“Zone B”	the second zone of the Maritime Yard, as described in paragraph 3 of Part I (<i>Letter from the Chairman of Lamprell plc</i>) of this document;
“Zone C”	the third zone of the Maritime Yard, as described in paragraph 3 of Part I (<i>Letter from the Chairman of Lamprell plc</i>) of this document;
“Zone D”	the fourth zone of the Maritime Yard, as described in paragraph 3 of Part I (<i>Letter from the Chairman of Lamprell plc</i>) of this document; and
“Zones”	the four main production zones of the Maritime Yard, being Zone A, Zone B, Zone C and Zone D.

PART VIII—DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documentation which is incorporated by reference into this document, to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company. For the avoidance of any doubt, no information incorporated by reference in such documentation shall be incorporated by reference into this document.

This document should be read and construed in conjunction with the below documents, each of which was sent to Shareholders at the relevant time and has been filed with the FCA, and which is available for inspection in accordance with paragraph 12 of Part VI (*Additional information*) of this document. Those parts of the below documents that are not incorporated by reference are either not relevant for investors or covered elsewhere in this document.

Any information not listed below, but included in the documents incorporated by reference, is given for information purposes only.

<u>Reference document</u>	<u>Information incorporated by reference</u>	<u>Page number in reference document</u>
2014 Annual Report and Accounts . . .	Financial statements	62 - 107
2015 Annual Report and Accounts . . .	Financial statements	70 - 117
2016 Annual Report and Accounts . . .	Information relating to Christopher McDonald’s and Antony Wright’s service contracts as set out in the section titled “Directors’ Annual Report on Remuneration”	55
	Financial statements	68 - 111

LAMPRELL PLC

(Incorporated and registered in the Isle of Man under the Companies Acts 1931 to 2004 (as amended) with registered number 117101C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of Lamprell plc (the “**Company**”) will be held at 7th Floor, Jumeirah Emirates Tower, Sheikh Zayed Road, Dubai, United Arab Emirates on 26 June 2017 at 10.00 a.m. (UAE time) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT:

- (i) the proposed joint venture between Saudi Aramco Development Company, the National Shipping Company of Saudi Arabia, Hyundai Heavy Industries Co. Ltd. and Maritime Offshore Limited with respect to the establishment, development and operation of a maritime yard for the construction, maintenance and repair of offshore drilling rigs and vessels which is to form part of the complex known as “The King Salman International Complex for Maritime Industries & Services” (the “**Transaction**”) as described in the circular to shareholders of the Company dated 31 May 2017 of which this notice forms part (the “**Circular**”) on the terms and subject to the conditions of a shareholders’ agreement dated 31 May 2017 (a summary of which is set out in Part V (*Principal terms of the Transaction*) of the Circular), be and is hereby approved; and
- (ii) the board of directors of Lamprell (the “**Board**”) (or any duly constituted committee thereof) be and is hereby authorised to take all necessary or appropriate steps and to do all necessary or appropriate things to implement or complete, or to procure the implementation or completion of, the Transaction and give effect thereto with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments of a material nature) as the Board (or any duly authorised committee thereof), in its absolute discretion, may deem necessary, expedient or appropriate in connection with the Transaction.

By order of the Board

Alex Ridout
Company Secretary and
General Counsel

Registered office:
Lamprell plc
Fort Anne
Douglas
Isle of Man IM1 5PD

31 May 2017

NOTES

Resolution decided on a show of hands

1. The resolution at the meeting will be decided on a show of hands unless a poll is being demanded. A poll may be demanded by the Chairman of the meeting, by at least five members present in person or by proxy having the right to vote at the meeting, a member or members present in person or by proxy representing not less than one-tenth of the voting rights of all members having the right to vote at the meeting, or a member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Documents enclosed

2. This notice of meeting is being sent to all members (shareholders). You will find a form of proxy enclosed with this notice. A copy of this notice can be found at www.lamprell.com.

Entitlement to attend and vote

3. The Company specifies that only those members entered in the register of members of the Company at 7.00 a.m. (UK time)/10.00 a.m. (UAE time) on 24 June 2017 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries in the register of members after 7.00 a.m. (UK time)/10.00 a.m. (UAE time) on 24 June 2017 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
 - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting to answer the question.

Proxies

5. Registered members (shareholders) who are unable to attend the meeting may appoint one or more proxies (who need not be a member of the Company) by completing the form of proxy enclosed in this pack and returning it to the Company's registered office, Fort Anne, Douglas, Isle of Man, IM1 5PD, not later than 7.00 a.m. (UK time)/10.00 a.m. (UAE time) on 22 June 2017.
6. To be valid any form of proxy or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by the Company at its registered office, Fort Anne, Douglas, Isle of Man, IM1 5PD or must be sent electronically to the Company's registered office through lamprell@cains.com, in each case by no later than 7.00 a.m. (UK time)/10.00 a.m. (UAE time) on 22 June 2017.
7. Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's Articles of Association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("Euroclear") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of the General Meeting, being 7.00 a.m. (UK time)/10.00 a.m. (UAE time) on 22 June 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure

that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4)(a) of the Isle of Man Uncertificated Securities Regulations 2005.

IMPORTANT: In any case your form of proxy must be received by the Company no later than 7.00 a.m. (UK time)/10.00 a.m. (UAE time) on 22 June 2017.

Further details for the appointment of proxies are given in the notes to the form of proxy enclosed with this pack.

(This page has been left blank intentionally.)

