

Apollo Investment Management Limited

The Board of Directors, Fincantieri S.p.A.
The CEO and Board of Directors, Vard Holdings Ltd

20 April 2018

Dear Sirs,

**EGM proposal for the squeeze-out delisting of Vard Holdings Ltd ("Vard")
- request for Fincantieri to abstain**

I write to draw your attention to the impact of your current proposals on the independent minority shareholders of Vard. Some of these shareholders are elderly, and rely on investments to fund their retirement. Some have maintained their holdings since the highs of 2012, and decided not to sell out to Fincantieri in the general offer at S\$1.22, in the reasonable expectation of continued price appreciation, and confidence in the stewardship of the business under its new European shareholder. It may readily be inferred that ongoing shareholders, many of whom remained invested throughout the severe downcycle, persist with their investments in the expectation of an upturn and of significantly better days ahead. Rightly or wrongly, it is my belief, as an experienced investment manager, as it is of your Independent Financial Adviser, that the fair value of Vard shares is significantly above the current market price.

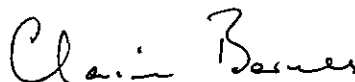
Fincantieri has been bidding for shares in the market at 24c and 25c for almost eighteen months, and has greatly increased its holding at these low prices. Clearly, the remaining investors do not wish to sell at these levels unless their own circumstances change. They should not be forced so to do, although if you offered a fair price I suspect that you could swiftly reach the 90% ownership threshold for compulsory acquisition.

The current proposals bear the hallmark of unfair opportunism, and oppression of minority shareholders. Whether or not the rules currently allow the controlling shareholder to vote in these matters, it is plainly the case that there is an obligation to follow the spirit as well as the letter of the rules. This is explicitly stated in the Singapore Code on Takeovers and Mergers, which also notes that "rights of control must be exercised in good faith and oppression of the minority is wholly unacceptable". There are fiduciary duties to minority shareholders, and conflicts of interest to be managed with great care. In my opinion, some aspects of this deal, and the actions of directors of both Fincantieri and Vard, are questionable. I attach a copy of a webpost which explains some of our concerns, and the attached share performance chart.

Since the EGM has already been tabled and documentation prepared, I respectfully suggest an appropriate way to proceed, and to minimise the legal and reputational risks to Fincantieri and to the directors of the two companies. This is for the majority shareholder to abstain from voting at the EGM (as would in any event be explicitly required in most jurisdictions), allowing the independent shareholders to decide without unconscionable coercion.

I trust that you will give due consideration to the issues raised herein. It goes without saying that all rights are reserved.

Yours faithfully,



C.J.C. Barnes
Director