

May 7th 2020

To: Gulf Marine Services
Mussafah Base
P.O. Box 46046
Abu Dhabi, UAE

Dear Chairman,

We own 3,550,000 shares in GMS (1.01% of the total shares outstanding).

We are writing to you to indicate our support for the Board's decision, announced on May 7th 2020, to unanimously reject the unsolicited approach from Seafox announced last week, and to confirm that we have **no intention** of accepting an offer on the terms set out by Seafox. We confirm that we consent to this confirmation being referenced publicly.

We see the Seafox proposal as entirely opportunistic, and an attempt to take advantage of widespread dislocations in financial markets to acquire a viable and valuable business at a knock-down price. This impression is compounded by Seafox's decision to announce their offer directly before GMS announced its FY19 results, and while GMS is still in the process of finalizing the amend and extend agreement with its banks – which has had the effect of overshadowing the clear progress that the new management team is making. It is our impression that Seafox choosing to announce its offer directly before the results release prevented management providing substantial forecasts for 2020 earnings, which risks appearing to be a cynical move to disrupt management's ability to fully inform investors about the state of the business.

We note that in January 2019 Seafox announced an intention to acquire up to 13.45% of GMS at £0.18. We believed at the time that a price of £0.18 materially undervalued the shares, and so the fact that an offer is now being made at £0.10, close to the all-time-lows at which the shares have traded, and after the company has renewed its Board of directors, filled key management positions with highly experienced and well-respected executives, outperformed guidance on EBITDA and cost cutting, secured a significant order-book for 2020 and 2021, and made vital progress in agreeing in principle an amend-and-extend transaction with its lenders (who have been nothing but supportive), seems to us to be ridiculous.

We do not believe that any rational argument can be made that the shares are worth less today than they were in January 2019, when uncertainty about negotiations with the banks was extremely high – and it seems clear to us that the progress made so far makes them rather more valuable now than they were then.

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GMS and its management have our full support, and this support has only been reinforced by the announcement that the Board has unanimously rejected this opportunistic, low-ball offer (an offer that we believe no lucid or competent Board of Directors could have approved).

As a matter of fact, in my 20 year investing career, a big part of it doing M&A or managing a Risk Arbitrage portfolio where we invested in M&A deals, I have never seen such a non-sensical bid. This is not even opportunistic, because for someone to believe they would succeed with this bid they need to think that GMS shareholders and its board are either idiots, or totally lack the ability to value this company and its prospects.

We believe that with the new management team in place, and the deal that has been agreed in-principle with the lenders that the future is bright for GMS, and trust that shareholders will reject this farcical offer.

Yours sincerely,



Pedro de Noronha
Managing Partner

This letter is a non-binding statement of our current intention and views. We are free to change our intention in relation to the Shares or views on the Company at any time. Nothing in this letter shall restrict our ability to do so or restrict our ability to dispose of the Shares in any manner. We will notify you promptly if we change our intention or views set out in this letter.