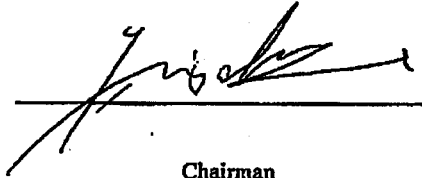


MALT LNG Transport ApS

Torvet 21, 1.
4600 Kage
Denmark

**Annual report 2018
(10th financial year)**

The annual report was presented and
approved at the annual general meeting
of the Company on 13 May 2019



A handwritten signature in black ink, appearing to be 'J. Nielsen', is written over a solid horizontal line. The signature is cursive and extends above and below the line.

Chairman

CVR no. 32 66 33 46

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Statement by Executive Board

The Executive Board has discussed and approved the annual report of MALT LNG Transport ApS for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

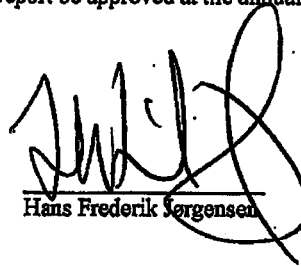
It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

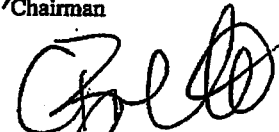
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 13 May 2019
Executive Board:


Yasutomo Miyake
Chairman


Hans Frederik Jørgensen


Christopher Allan Brett


Takeshi Hisatomi

Independent auditor's report

To the shareholder of MALT LNG Transport ApS

Opinion

We have audited the financial statements of MALT LNG Transport ApS for the financial year 1 January – 31 December 2018, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

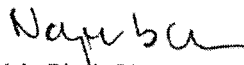
Copenhagen, 13 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Niels Vendelbo
State Authorised
Public Accountant
mne34532



Naja Bjørk Olsen
State Authorised
Public Accountant
mne41387

Management's review

Company details

MALT LNG Transport ApS
Torvet 21, 1.
4600 Køge, Denmark

CVR no.: 32 66 33 46
Established: 18 December 2009
Financial year: 1 January – 31 December

Executive Board

Yasutomo Miyake (Chairman)
Hans Frederik Jørgensen
Christopher Allan Brett
Takeshi Hisatomi

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 13 May 2019.

Management's review

Operating review

Principal activities of the Company

The principal activity of MALT LNG Transport ApS (the Company) comprise its investments in subsidiaries (Magellan Spirit ApS and Meridian Spirit ApS) that provide transportation of liquefied natural gas (LNG) through the operation of LNG carriers.

Profit for the financial year

Profit for the financial year, after taxation, amounts to USD 4.3 million (2017: USD 3.5 million). The profit primarily consists of dividend income from subsidiaries.

Subsequent events

In April 2019, the Company extended its two-year contract with Teekay LNG Chartering L.L.C., a wholly-owned subsidiary of Teekay LNG Partners L.P. (a related party) to June 2022.

Outlook

The Company's results are dependent on its subsidiaries' results. The Company expects an increase in profit in 2019 due to more employment and higher time-charter rate expected during 2019; partially offset by a scheduled drydock in 2019 for the Magellan Spirit. The Company continues to seek long-term employment for the Magellan Spirit and the impact on future periods will depend on the Magellan Spirit ApS's ability to re-charter the vessel at attractive rates.

Particular risks

The Magellan Spirit is currently employed on a medium-term time-charter contract. The Magellan Spirit ApS may be unable to re-charter the vessel at attractive rates, which may lead to reduced profitability in the future.

Financial statements for the period 1 January – 31 December

Income statement

USD'000	Note	2018	2017
External costs	2	-387	-352
Depreciation	3	-240	-240
Operating loss		-627	-592
Financial income	4	5,000	4,117
Financial expenses	5	-51	0
Profit before tax		4,322	3,525
Tax on profit for the year	6	7	9
Profit for the year		4,329	3,534
Proposed profit appropriation			
Proposed dividend		0	5,000
Interim dividend		0	1,500
Retained earnings		4,329	-2,966
		4,329	3,534

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment			
Vessel equipment	3	6,116	6,356
Investments			
Shares in subsidiaries	7	140,265	140,265
Total non-current assets		146,381	146,621
Current assets			
Receivables			
Receivables from subsidiaries and group entities		6,171	6,252
		6,171	6,252
Cash at bank and in hand		1,230	1,217
Total current assets		7,401	7,469
TOTAL ASSETS		153,782	154,090

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity	8		
Share capital		1,926	1,926
Retained earnings		118,400	114,071
Proposed dividend		0	5,000
Total equity		<u>120,326</u>	<u>120,997</u>
Liabilities			
Current liabilities			
Payables to subsidiaries and group entities		33,404	33,065
Other liabilities		52	28
		<u>33,456</u>	<u>33,093</u>
Total liabilities		<u>33,456</u>	<u>33,093</u>
TOTAL EQUITY AND LIABILITIES		<u>153,782</u>	<u>154,090</u>
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

Financial statements for the period 1 January – 31 December

Statement of changes in equity

USD'000	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2017	1,926	117,037	2,500	121,463
Dividends paid	0	0	-2,500	-2,500
Interim dividend	0	-1,500	0	-1,500
Profit/loss appropriation	0	-1,466	5,000	3,534
Equity at 31 December 2017	<u>1,926</u>	<u>114,071</u>	<u>5,000</u>	<u>120,997</u>
Dividends paid	0	0	-5,000	-5,000
Profit/loss appropriation	0	4,329	0	4,329
Equity at 31 December 2018	<u>1,926</u>	<u>118,400</u>	<u>0</u>	<u>120,326</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of MALT LNG Transport ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C. The Company has opted into disclosure requirements for a higher reporting class regarding presentation of statement of changes in equity and property, plant and equipment.

Pursuant to section 112(1) of the Danish Financial Statements Act, consolidated financial statements are not prepared as the Company is included in the consolidated financial statements of Malt LNG Netherlands Holdings B.V., Wilhelminakade 95, 3072 AP Rotterdam, the Netherlands. The consolidated financial statements of Malt LNG Netherlands Holdings B.V. can be obtained at the Company's address.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Currency

Pursuant to section 16(2) of the Danish Financial Statements Act, the Company has decided to present the annual report in the Company's functional currency, USD. At 31 December 2018, the currency exchange rate was 6.5194 DKK/USD (31 December 2017: 6.2077 DKK/USD).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

External costs

External costs comprise fees to advisors, management fees, administrative expenses, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit for the year

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry forwards receive joint taxation contributions from companies that have used these losses to reduce their own taxable profits.

Tax for the period comprises current tax and joint taxation contributions for the period. The tax expense relating to the profit/loss for the period is recognised in the income statement.

Balance sheet

Property, plant and equipment

Vessel equipment is measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful life for vessel equipment is 32 years.

Depreciation is recognised in the income statement as depreciation.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Shares in subsidiaries

Investments in subsidiaries are measured at cost. If there is any indication of impairment, an impairment test is made. If the carrying amount exceeds the recoverable amount, write-down is made to this lower value.

Dividends from subsidiaries are recognised as financial income in the income statement for the financial year in which the dividend is declared. To the extent that the declared dividend exceeds the accumulated earnings after the acquisition, cost is reduced by the excess amount.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax and deferred tax

In its capacity as the administrative company, MALT LNG Holdings ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

2 Staff costs

The Company has no employees.

3 Property, plant and equipment

USD'000	2018	2017
Vessel equipment		
Cost at 1 January	7,758	7,758
Additions	0	0
Cost at 31 December	7,758	7,758
Depreciation at 1 January	-1,402	-1,162
Depreciation for the year	-240	-240
Depreciation at 31 December	-1,642	-1,402
Carrying amount at 31 December	6,116	6,356

Financial statements for the period 1 January – 31 December

Notes to the financial statements

4 Financial income

USD'000	2018	2017
Dividends from subsidiaries	5,000	4,000
Interest income, external	0	1
Other financial income	0	116
	<u>5,000</u>	<u>4,117</u>

5 Financial expenses

USD'000	2018	2017
Other financial expenses	-50	0
	<u>-50</u>	<u>0</u>

6 Tax on profit for the year

USD'000	2018	2017
Current tax for the year	7	9
	<u>7</u>	<u>9</u>

7 Shares in subsidiaries

USD'000	2018	2017
Cost at 1 January	140,265	140,265
Cost at 31 December	<u>140,265</u>	<u>140,265</u>

Name	Registered office	Voting rights and ownership	Equity at 2018	Profit for 2018
Meridian Spirit ApS	Denmark	100%	36,137	10,839
Magellan Spirit ApS	Denmark	100%	133,591	2,600
Total			<u>169,728</u>	<u>13,439</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Equity

The share capital consists of shares corresponding to USD 1,926,000 translated at the USD/DKK rate at 1 January 2011. All shares rank equally.

For 2018, the Company's financial figures were included in the consolidated financial statements of Malt LNG Netherlands Holdings B.V.

There has been no changes to the share capital in the last five years.

9 Contractual obligations, contingencies, etc.

The Company is jointly taxed with other Danish companies in the MALT LNG Holdings Group, with MALT LNG Holdings ApS being the administrative company. The Company has, together with the administrative company and its subsidiaries, unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividend, interest and royalties under the joint taxation scheme. The jointly taxed companies' total net liability to the Danish tax authorities amounted to USD 0 at 31 December 2018. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

The Company has no contingent liabilities.

10 Related party disclosures

MALT LNG Transport ApS' related parties comprise the following:

Parties exercising control

MALT LNG Holdings ApS, Torvet 21, 1, 4600 Køge, Denmark, ultimate parent company in Denmark. MALT LNG Holdings ApS is owned by Malt LNG Netherlands Holdings B.V.

Other related parties

Group entities and associates of the Teekay Corporation Group.

The Company's related parties also comprise the Board of Directors, the Executive Board and executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.