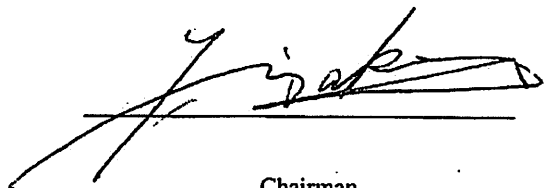


MALT LNG Holdings ApS

Torvet 21, 1.
4600 Køge
Denmark

**Annual report 2016
(5th financial year)**

The annual report was presented and
approved at the annual general meeting
of the Company on 28 April 2017

A handwritten signature in black ink, appearing to read 'J. Jakob', is written over a horizontal line. The signature is stylized and cursive.

Chairman

CVR no. 33 97 07 49

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements for the period 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

Statement by the Executive Board

The Executive Board has discussed and approved the annual report of MALT LNG Holdings ApS for the financial year 1 January – 31 December 2016.

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

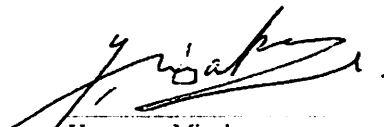
It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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, 28 April 2017

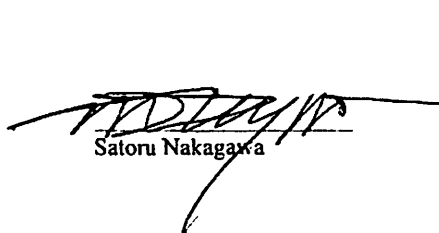
Executive Board:




Yasutomo Miyake
Chairman



Brody Magnusson Speers



Satoru Nakagawa



Mark James Kremin

Independent auditor's report

To the shareholder of MALT LNG Holdings ApS

Opinion

We have audited the financial statements of MALT LNG Holdings ApS for the financial year 1 January – 31 December 2016, 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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.

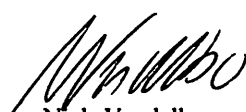
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 April 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Niels Vendelbo
State Authorised
Public Accountant

Management's review

Company details

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

CVR no.: 33 97 07 49
Established: 17 October 2011
Financial year: 1 January – 31 December

Executive Board

Yasutomo Miyake (Chairman)
Brody Magnusson Speers
Satoru Nakagawa
Mark James Kremin

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 28 April 2017.

Management's review

Operating review

Principal activities of the Company

The principal activity of MALT LNG Holdings ApS (the Company) and its subsidiaries (Magellan Spirit ApS and Meridian Spirit ApS through the ownership of MALT LNG Transport ApS) is the transportation of liquefied natural gas (LNG) through the operation of the subsidiaries' LNG carriers.

Profit/loss for the financial year

Profit for the financial year, after taxation, amounts to USD 38 million (2015: loss of USD 5 million), mainly generated from the Company's subsidiaries.

Interim dividend of USD 39 million was distributed during 2016 (2015: nil).

Subsequent events

No events have occurred after the balance sheet date that materially affect the financial statements for 2016.

Outlook

The Company's results are dependent on its subsidiaries' results. The Company expects a decrease in profit in 2017 due to settlement payment for the disputed charter contract termination received in 2016; partially offset by higher charter rates expected during 2017 for Magellan Spirit ApS. Magellan Spirit ApS continues to seek medium-term to long-term employment for the Magellan Spirit and the impact on future periods will depend on the Magellan Spirit ApS' ability to re-charter the vessel at attractive rates.

Particular risks

The Magellan Spirit is currently trading in the spot market. Magellan Spirit ApS may be unable to re-charter the vessel at attractive rates, which may lead to reduced profitability.

Financial statements for the period 1 January – 31 December

Income statement

USD'000	Note	2016	2015
External costs		-567	-569
Operating loss		-567	-569
Share of results in subsidiaries after tax	3	38,560	-4,345
Financial income	4	0	10
Profit/loss before tax		37,993	-4,904
Tax on profit/loss for the year	5	6	18
Profit/loss for the year		<u>37,999</u>	<u>-4,886</u>
Proposed profit appropriation			
Proposed dividend		2,500	15,827
Interim dividend		39,000	0
Net revaluation reserve under the equity method		38,560	-4,345
Retained earnings		-42,061	-16,368
		<u>37,999</u>	<u>-4,886</u>

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2016	2015
ASSETS			
Non-current assets			
Investments			
Equity investments in subsidiaries	3	270,180	283,312
Total non-current assets		<u>270,180</u>	<u>283,312</u>
Current assets			
Receivables			
Receivables from subsidiaries and group entities		3,000	10,826
Other receivables		11	3
		<u>3,011</u>	<u>10,829</u>
Cash at bank and in hand		<u>149</u>	<u>374</u>
Total current assets		<u>3,160</u>	<u>11,203</u>
TOTAL ASSETS		<u>273,340</u>	<u>294,515</u>

Financial statements for the period 1 January – 31 December

Balance sheet

USD'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	6		
Share capital		83	83
Net revaluation reserve under the equity method		209,365	170,805
Retained earnings		41,746	83,807
Proposed dividend		2,500	15,827
Total equity		<u>253,694</u>	<u>270,522</u>
Liabilities			
Current liabilities			
Payables to subsidiaries and group entities		19,602	23,948
Other payables		44	45
		<u>19,646</u>	<u>23,993</u>
Total liabilities		<u>19,646</u>	<u>23,993</u>
TOTAL EQUITY AND LIABILITIES		<u>273,340</u>	<u>294,515</u>
Contractual obligations, contingencies, etc.	7		
Related party disclosures	8		

Financial statements for the period 1 January – 31 December

Statement of changes in equity

USD'000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2015	83	175,150	100,175	11,000	286,408
Dividends paid	0	0	0	-11,000	-11,000
Profit/loss appropriation	0	-4,345	-16,368	15,827	-4,886
Equity at 31 December 2015	83	170,805	83,807	15,827	270,522
Dividends paid	0	0	0	-15,827	-15,827
Interim dividend	0	0	-39,000	0	-39,000
Profit/loss appropriation	0	38,560	-3,061	2,500	37,999
Equity at 31 December 2016	83	209,365	41,746	2,500	253,694

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of MALT LNG Holdings ApS for 2016 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.

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 2016, the currency exchange rate was 7.0528 DKK/USD (31 December 2015: 6.8300 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.

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.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Share of results in subsidiaries after tax

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement after full elimination of intra-group profits/losses.

Tax on profit/loss 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

Equity investments in subsidiaries

Equity investments in subsidiaries are measured under the equity method.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the company's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Equity investments in subsidiaries with negative net asset values are measured at USD 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be adopted before the approval of the annual report of MALT LNG Holdings ApS are not recognised in the net revaluation reserve.

On acquisition of subsidiaries, the acquisition method is applied.

Impairment of non-current assets

The carrying amount of non-current assets is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable 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.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Net revaluation reserve under the equity method

Net revaluation of equity investments in subsidiaries is recognised at cost in the net revaluation reserve under the equity method.

The reserve may be eliminated in case of losses, realisation of equity investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

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.

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.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

2 Staff costs

The parent company has no employees.

USD'000	2016	2015
3 Equity investments in subsidiaries		
Cost at 1 January	277,765	277,765
Additions	0	0
Cost at 31 December	277,765	277,765
Value adjustments at 1 January	5,547	20,892
Dividends	-51,692	-11,000
Profit/loss for the year in subsidiaries	38,560	-4,345
Value adjustments at 31 December	-7,585	5,547
Carrying amount at 31 December	270,180	283,312

Name	Registered office	Voting rights and ownership share
MALT LNG Transport ApS	Denmark	100%

4 Financial income

Other interest income	0	1
Foreign exchange gains	0	9
	0	10

5 Tax on profit/loss for the year

Current tax for the year	6	0
Prior year adjustment	0	18
	6	18

Financial statements for the period 1 January – 31 December

Notes to the financial statements

6 Equity

The share capital consists of shares corresponding to USD 83,000 translated at the USD/DKK rate at 1 January 2011. All shares rank equally.

For 2016, 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.

7 Contractual obligations, contingencies, etc.

The Company is jointly taxed with other Danish companies in the MALT LNG Holdings Group. As the administrative company, together with the subsidiary, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, 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 2016. 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.

8 Related party disclosures

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

MALT LNG Holdings ApS' related parties comprise the following:

Parties exercising control

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 Executive Board and executive employees and their family members. Further, related parties comprise companies in which the above persons have substantial interests.