



Evergas Shipholding 18 A/S

Kalvebod Brygge 39-41

DK - 1560 Copenhagen

CVR No. 36 18 55 62

Annual report

for the year ended 31 December 2018

Approved at the annual general meeting of shareholders
on 6 June 2019

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Pia Lindberg

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Company details

Evergas Shipholding 18 A/S
Kalvebod Brygge 39-41
DK – 1560 Copenhagen
CVR No. 36 18 55 62

Board of Directors

Jacques Marie Joseph Narcisse d'Armand de Chateauevieux (Chairman)
Christian Franck Lefevre
Steffen Ulrik Jacobsen

Executive Board

Steffen Ulrik Jacobsen, (CEO)

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK – 2300 Copenhagen S

Statement by Executive Board and Board of Directors on the annual report

Today, Executive Board and Board of Directors have discussed and approved the annual report of Evergas Shipholding 18 A/S for the financial year 1 January – 31 December 2018.

The annual report is 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 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 our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend that the annual report is approved by the annual general meeting of shareholders.

Copenhagen, 6 June 2019

Executive Board:

.....
Steffen Ulrik Jacobsen

Board of Directors:

.....
Jacques Marie Joseph Narcisse
d'Armand de Chateauvieux
(Chairman)

.....
Christian Franck Lefevre

.....
Steffen Ulrik Jacobsen

Independent auditors' report

To the shareholder of Evergas Shipholding 18 A/S

Opinion

We have audited the financial statements of Evergas Shipholding 18 A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 commentary

Management is responsible for the Management commentary.

Our opinion on the financial statements does not cover the Management commentary, 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 commentary and, in doing so, consider whether the Management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Copenhagen, 6 June 2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kim Takata Mücke

State-Authorised

Public Accountant

MNE no 10944

Martin Pieper

State-Authorised

Public Accountant

MNE no 44063

Management's commentary

Business activities and mission

The objectives of the company are to carry on shipping business.

Business review

The Company's result for 2018 is a profit of USD 1,825,662 against a loss of USD 3,164,682 in 2017 and the Company's balance sheet at 31 December 2018 shows an equity of USD 9,310,394 against an equity of USD 7,484,732 in 2017.

Going concern assessment

For a description of the going concern assessment at 31 December 2018, refer to note 1.

Accounting policies

The annual report of Evergas Shipholding 18 A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities with addition of certain provisions for reporting class C.

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

Reporting currency

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the company, which is also USD. The exchange rate between USD/DKK per 31 December 2018 was 6.52 against 6.21 per 31 December 2017.

Foreign currency retranslation

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Income statement

Revenue

Income is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises charter hire from the vessels. Revenue is recognized when or as performance obligations are satisfied by transferring the promised services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration that the Company expect to be entitled to. Accordingly, charter hire is recognized at selling price upon delivery of the service as per the charter parties concluded.

Other external expenses

Other external expenses include expenses related to sale, administration, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items Revenue through other external expenses are combined into one-line item designated Gross profit.

Accounting policies - continued

Depreciation and impairment of fixed assets

Depreciation include depreciation and impairment of property, plant and equipment. Fixed assets are depreciated using the straight-line method, based on the cost, less impairment.

Property, plant and equipment is depreciated on a straight-line basis to the residual value, based on the cost, measured by reference to the following assessment of the useful lives:

	<u>Useful life</u>
Vessels	25 years
Dry Dock	5 years

Residual value for the vessels are estimated to 7.6 MUSD and for docking are estimated to nil. The residual value is determined at the time of acquisition based on the market steel price and are reassessed every year.

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains or losses on the sale of fixed assets are recognized in the income statement under 'Other income/Other expenses'.

Net Financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, exchange gains and losses, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme etc.

Tax

Tax for the year includes current tax on the year's expected taxable income according to Tonnage Tax Scheme.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

The parent acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the parent is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge according to the management company.

Accounting policies - continued

Balance sheet

Vessels

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the vessels. The cost is split into vessel and docking components.

All separate components are depreciated on a straight-line basis over the useful life of the separate item.

Depreciation is based on cost less the estimated residual value. The residual value of the vessels is estimated as the lightweight tonnage of each vessel multiplied by expected steel price per ton.

The residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Components of vessels are de-recognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of an asset is included in the income statement in the year the asset is de-recognized.

An impairment test is prepared for property, plant and equipment if there are indications of decreases in value. The impairment test is prepared for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Other non-current assets

Other non-current assets are measured to amortized cost, and are amortized over the life time (firm period) of the time charter agreement.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

Receivables

Trade receivables, etc., are measured at the lower of amortized cost and net realizable value, based on an assessment of the individual receivable.

Prepayments

Prepayments recognized under 'assets' comprise prepaid expenses regarding subsequent reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Accounting policies - continued

Financial lease

Leases of vessels where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Charter hire costs under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant charters. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the charters.

Finance leases are capitalised at the commencement of the charters at the fair value of the chartered asset or, if lower, at the present value of the minimum charter hire payments. Charter hire payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the term of the charters, if there is no reasonable certainty that the Group will obtain ownership by the end of the term of the charters.

Equity

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

Income taxes

Income taxes is calculated according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulation for net financial income. Shipping activities are taxed on the basis of the net tonnage a disposal.

Financial liabilities

Financial liabilities are recognized initially at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

Deferred income – non-current liability

Deferred income recognised as a liability comprises payments received to be recognized as income in subsequent reporting years. They are amortized over the life time (firm period) of the time charter agreement.

Other liabilities

Other liabilities are measured to amortized cost, which essentially corresponds to the fair value.

Deferred income – current liability

Deferred income recognised as a liability comprises payments received to be recognized as income in subsequent reporting years.

Income statement
1 January – 31 December

	Notes	2018 USD	2017 USD
Gross profit		7,866,433	8,936,660
Depreciation and impairment of fixed assets		<u>(2,553,648)</u>	<u>(2,558,375)</u>
Profit before net financials		5,312,785	6,378,285
Other financial income		92,859	31,139
Other financial expenses	3	<u>(3,575,819)</u>	<u>(3,236,354)</u>
Profit before tax		1,829,825	3,173,070
Tax for the year	4	<u>(4,163)</u>	<u>(8,388)</u>
Net profit for the year		<u>1,825,662</u>	<u>3,164,682</u>
Proposed distribution of profit/loss			
Retained earnings prior years		4,237,025	1,072,343
Net profit for the year		<u>1,825,662</u>	<u>3,164,682</u>
Total appropriation		<u>6,062,687</u>	<u>4,237,025</u>

**Balance sheet
at 31 December**

	Notes	2018 USD	2017 USD
Assets			
Non-current assets			
Property, plant and equipment			
Vessels		58,391,056	60,944,704
Other non-current assets		<u>238,722</u>	<u>279,794</u>
	5	<u>58,629,778</u>	<u>61,224,498</u>
Financial assets			
Loans to group enterprises		<u>2,689,044</u>	<u>2,599,030</u>
		<u>2,689,044</u>	<u>2,599,030</u>
Total non-current assets		<u>61,318,822</u>	<u>63,823,528</u>
Current assets			
Inventories			
Inventories		<u>76,616</u>	<u>76,154</u>
		<u>76,616</u>	<u>76,154</u>
Receivables			
Receivables from group enterprises		2,245,133	848,148
Other receivables		22,874	0
Prepayments		<u>143,910</u>	<u>98,229</u>
		<u>2,411,917</u>	<u>946,377</u>
Cash and cash equivalents		<u>99,197</u>	<u>897,404</u>
Total current assets		<u>2,587,730</u>	<u>1,919,935</u>
Total assets		<u>63,906,552</u>	<u>65,743,463</u>

**Balance sheet
at 31 December**

	Notes	2018 USD	2017 USD
Equity and liabilities			
Equity			
Share capital		3,247,707	3,247,707
Retained earnings		<u>6,062,687</u>	<u>4,237,025</u>
Total equity		<u>9,310,394</u>	<u>7,484,732</u>
Liabilities			
Deferred income		<u>1,002,224</u>	<u>2,166,324</u>
Long-term liabilities		<u>1,002,224</u>	<u>2,166,324</u>
Bank debt	6	50,931,028	53,691,807
Trade payables		517,189	297,868
Other payables		115,912	72,922
Deferred income		<u>2,029,806</u>	<u>2,029,810</u>
Short-term liabilities		<u>53,593,934</u>	<u>56,092,407</u>
Total liabilities		<u>54,596,158</u>	<u>58,258,731</u>
Total equity and liabilities		<u>63,906,552</u>	<u>65,743,463</u>
Going concern	1		
Employee expenses	2		
Security for loans	7		
Contingents liabilities and other financial obligations	8		
Related parties	9		

Notes

Note 1. Going concern

The Company is part of the Greenship Gas Trust Group and is dependent on the Group for business and financing purposes. Accordingly, the financial situation of the Greenship Gas Trust Group is key for the Company's own going concern assessment.

Other entities in the Greenship Gas Trust Group breached certain financial covenants at 31 December 2018, and was in situation of default and cross-default on its loans at the end of the reporting period. The bank is due to these circumstances contractually entitled to request immediate repayment of the outstanding bank debt at 31 December 2018. The Group has therefore requested a waiver from the lenders, which as of today still has not been received. Until now positive feedback from almost all lenders about getting the waiver has been received.

In 2019, all instalments have been paid according to agreement. As of the date approving these financial statements, no lenders have started any default procedures and it is not expected that any such default procedures will be initiated.

Due to the cross-default of bank debt triggered by events of default and cross-default of provisions in loan agreements by other entities in the Greenship Gas Trust Group, the lenders are unconditionally and contractually entitled to request immediate repayment of the outstanding bank debt at 31 December 2018. Thus, the non-current portion of the bank debt according to the loan agreement, has been reclassified as current liabilities as at 31 December 2018.

The reclassification of all loans to non-current indicates the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. To test the going concern assumption, Management has assessed and concluded that if the Company was to accelerate disposal of its assets, the realistic proceeds from such accelerated disposals would be adequate to ensure full payment of all creditors.

Cash flow forecast has been prepared for 2019, which shows that the Company has sufficient liquidity to pay creditors as they fall due, should the lender not exercise the option to call the debt.

Based on the above it has been considered appropriate that these financial statements for the twelve months period ended 31 December 2018 have been prepared on a going concern basis.

Note 2. Employee expenses

No wages and salaries were paid during the financial year as the Company has no employees.

Notes – continued

	2018 USD	2017 USD
Note 3. Other financial income		
Interest, group enterprises	90,014	31,093
Other financial income	<u>2,845</u>	<u>46</u>
	<u>92,859</u>	<u>31,139</u>

Note 4. Other financial expenses		
Interest expense, external	3,535,876	3,160,447
Amortized borrowing cost	39,221	39,221
Interest, group enterprises	0	23,859
Other financial expenses	<u>722</u>	<u>12,827</u>
	<u>3,575,819</u>	<u>3,236,354</u>

Note 5. Tax for the year

The taxable income for 2018 is expected to be limited as the Company is under the Danish Tonnage tax regime.

The Company is jointly taxed with its parent, Evergas A/S, which acts as administration Company, and is jointly liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Note 6. Property, plant and equipment

	Vessels USD
Cost	
Balance at 1/1	<u>65,829,773</u>
Cost at 31/12	<u>65,829,773</u>
Depreciation and write-downs	
Balance at 1/1	4,885,069
Depreciation in the year	<u>2,553,648</u>
Depreciation and write-downs at 31/12	<u>7,438,717</u>
Carrying amount at 31/12 2018	<u>58,391,056</u>

Note 8 provides more details on security for loans, etc., as regards property, plant and equipment.

The vessel is not owned by the Company but included as financial leased asset.

Notes - continued

The carrying amount of the Company's vessel includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the vessels. Borrowing costs capitalized as part of the cost of the vessel amounts to US\$754,365.

Note 7. Long-term liabilities

Breakdown of certain liabilities by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Falling due after more than 5 years	Total long-term liabilities at 31/12 2017	Falling due within 1 year	Total
Bank debt	0	0	0	50,931,028	50,931,028
	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,931,028</u>	<u>50,931,028</u>

The loan is guaranteed by Greenship Gas Manager Pte. Ltd. (in its capacity as trustee-manager of Greenship Gas Trust), which guarantees 100% of this loan and Greenship Holdings Manager Pte. Ltd. (in its capacity as trustee-manager of Greenship Holdings Trust), which guarantees this loan in pro rata of its ownership in Greenship Gas Trust. No financial covenant is required to be respected by the two guarantors.

However, due to the cross-default of bank debt triggered by events of default and cross-default of provisions in loan agreements at the end of 2018 by other entities in the Greenship Gas Trust Group, the bank was contractually entitled to request immediate repayment of the outstanding bank debt at 31 December 2018. Thus, the non-current portion of the bank debt amounting to US\$ 48,170,249 has been reclassified as current liabilities as at 31 December 2018. Refer to note 1.

The loan is ordinarily repayable incrementally in 41 consecutive quarterly installments with the first 20 installments at 1.17%, the next 20 installments at 1.58% and the last installment at 45.05% of the loan therefore US\$ 2,800,000 is to be repaid in 2019 according to loan repayment schedule when not taking the technical breach mentioned above into account.

Note 8. Security for loans

The vessel has been leased under long-term bareboat charters to Evergas Shipholding 18 A/S (the "Charterer") effective upon delivery.

Note 9. Contingent liabilities and other financial obligations

At 31.12.2018 The Company has obligations regarding Technical Management agreement of USD 242,612.

Note 10. Related parties

Related parties includes the parent company Evergas A/S, Kalvebod Brygge 39-41, Copenhagen DK-1560, which holds the majority of the share capital in the Company.

The consolidated financial statements of Evergas A/S is available at the Company's address: Kalvebod Brygge 39-41, Copenhagen DK-1560.