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 2017
4th financial year

Approved at the annual general meeting of shareholders
on 18 June 2018

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Pia Lindberg

Contents

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 Chateauvieux (chairman)
Christian Franck Lefevre
Steffen Ulrik Jacobsen

Executive board

Steffen Ulrik Jacobsen, (CEO)

Shareholders holding 5% or more of the share capital or the voting rights

Evergas A/S
Kalvebod Brygge 39-41
DK - 1560 Copenhagen
CVR no. 33 24 15 85

Auditors

Deloitte

Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK – 2300 København

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

Today, Executive board and Board of Directors has discussed and approved the annual report of Evergas Shipholding 18 A/S for the financial year 1 January – 31 December 2017.

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 2017 and of the results of the company's operation.

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, 18 June 2018

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 shareholders of Evergas Shipholding 18 A/S

Opinion

We have audited the financial statements of Evergas Shipholding 18 A/S for the financial year 01.01.2017 - 31.12.2017, 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 01.01.2017 - 31.12.2017 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, 18 June 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kim Takata Mücke
State-Authorised
Public Accountant
MNE no 10944

Management's review

Business activities and mission

The objectives of the company are to carry on shipping business or other activities at home and abroad, which are in connection with shipping business as well as other transportation business and investment in companies of mentioned nature and in real estate and any other business activities, which in the opinion of the board of directors are related hereto.

Business review

The Company's result for 2017 is a profit of USD 3,164,682 and the Company's balance sheet at 31 December 2017 shows an equity of USD 7,484,732.

Going concern assessment

For a description of the going concern assessment at 31 December 2017, refer to note 1.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any significant uncertainty.

Subsequent events

On 9 March 2018, the Group terminated the Joint Venture agreement with Thome and going forward all tasks previously done by Thome will be taken over by either Bourbon or Evergas Ship Management Pte Ltd.

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 and elective choice of certain provisions applying to reporting class C entities.

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 2017 was 6.21 against 7.05 per 31 December 2016.

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

All voyage revenues and voyage expenses are recognised based on the percentage of completion. Evergas Shipholding 18 A/S uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing Contracts of Affreightment (COA). With this method, voyage revenue is recognised evenly over the period from the departure of a vessel from its original discharge port to departure from the next discharge port. Vessels without signed contracts in place at discharge have no revenue before a new contract is signed. Voyage related expenses incurred for vessels during the idle time are expensed. Voyage cost includes bunker, port and other cost related to the specific voyage. Revenue from time charters (T/C) and bareboat charters (B/B) accounted for as operating leases are recognised over the rental periods of such charters, as services are performed. Demurrage is included if a claim is considered probable. Losses arising from COA's, spot, T/C and B/B voyages are provided for in full when they become probable.

Other external expenses

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

Accounting policies - continued

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 margin.

Amortization/depreciation and write-downs

Amortization/depreciation include amortization, depreciation and write-downs of property, plant and equipment. Fixed assets are amortized/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:

	Useful life
Vessels	25 years
Dry Dock	5 years

Residual value for the vessels are estimated to 7.6 MUSD.
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, realized and unrealized capital and exchange gains and losses on securities and foreign currency transactions, 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 incl. Tonnage Tax Scheme and the year's deferred tax adjustments.

Current and deferred taxes related to items recognized directly in equity are taken directly to equity.
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 value of docking are estimated to nil.

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.

Prepayment

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

Equity

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

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior year's taxable income and tax paid in advance.

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognized at the value at which they are expected to be utilized either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

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 concerning income in subsequent reporting years. They are amortized over the life time (firm period) of the time charter agreement.

Other payables

Other payables 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 concerning income in subsequent reporting years.

Income statement
1 January – 31 December

	Notes	2017 USD	2016 USD
Gross profit		**8,936,660**	**6,420,389**
Employee benefit expenses	2	0	0
Amortisation/depreciation and impairment of property, plant and equipment	5	(2,558,375)	(2,326,694)
Profit before net financials		**6,378,285**	**4,093,695**
Other financial income		31,139	46,520
Other financial expenses	4	(3,236,354)	(2,893,740)
Profit before tax		**3,173,070**	**1,246,475**
Tax for the year	3	(8,388)	15,865
Net profit for the year		**3,164,682**	**1,262,340**

Which the Board of Directors recommends is carried forward to next year.

Appropriation of profit/loss

Profit/Loss to be appropriated:		
Retained earnings/Accumulated loss	1,072,343	(189,997)
Net profit/(loss) for the year	3,164,682	1,262,340
Available for appropriation	4,237,025	1,072,343

The Board of Directors recommends the following appropriation of the profit:

Retained earnings/Accumulated loss	4,237,025	1,072,343
Total appropriation	4,237,025	1,072,343

Balance sheet
at 31 December

	Notes	2017 USD	2016 USD
Assets			
Non-current assets			
Property, plant and equipment			
Vessels		60,944,704	63.390.592
Other non-current assets		279,794	0
	5	**61,224,498**	**63,390,592**
Financial assets			
Loan to group enterprises		2,599,030	0
Other non-current assets		0	864,167
		2,599,030	**864,167**
Total non-current assets		**63,823,528**	**64,254,759**
Current assets			
Inventories			
Inventories		76,154	255,406
		76,154	**255,406**
Receivables			
Receivable from group enterprises		848,148	0
Prepayments		98,229	135,777
		946,377	**135,777**
Cash and cash equivalents		**897,404**	**699,668**
Total current assets		**1,919,935**	**1,090,851**
Total assets		**65,743,463**	**65,345,610**

Balance sheet
at 31 December

	Notes	2017 USD	2016 USD
Equity and liabilities			
Equity			
Share capital		3,247,707	3,247,707
Retained earnings		4,237,025	1,072,343
Total equity		**7,484,732**	**4,320,050**
Liabilities			
Bank debt	6	0	0
Payables to group enterprises	6	0	1,807,075
Deferred income		2,166,324	359,976
Long-term liabilities		**2,166,324**	**55,858,857**
Bank debt	6	53,691,807	56,452,585
Trade payables		149,460	120,568
Payables to group enterprises		0	867,661
Other payables		221,330	401,987
Deferred income		2,029,810	1,015,708
Short-term liabilities		**56,092,407**	**58,858,509**
Total liabilities		**58,258,731**	**61,025,560**
Total equity and liabilities		**65,743,463**	**65,345,610**

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Statement of changes in equity

	2017 USD	2016 USD
Share capital		
Balance at 1/1	3,247,707	3,247,707
Capital increase	0	0
	3,247,707	**3,247,707**
Retained earnings		
Balance at 1/1	1,072,343	(189,997)
Transfer for the year	3,164,682	1,262,340
	4,237,025	**1,072,343**
Equity at 31/12	**7,484,732**	**4,320,050**

The company's share capital, USD 3,247,707 nominal amount of DKK 22,059,476 consist of 22,059,476 shares of DKK 1.

Share capital paid at the Company's inception 16 September 2014 was USD 86,957 nominal amount of DKK 500,000.
On 27 July 2015 on a Board of Directors meeting of the company, there was passed a resolution to convert USD 3,160,750 due to immediate holding company into new shares nominal amount of DKK 21,559,476.

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.

As disclosed in Note 6, other entities in the Greenship Gas Trust Group breached certain financial covenants at 31 December 2017, and was in situation of default and cross-default on all of its loans at the end of the reporting period. Therefore, the Group requested a waiver from the lenders, which as of today still has not been received. We have until now received positive feedback from almost all lenders about getting the waiver.

In 2018, all instalments have been paid according to agreement. As of the date approving these financial statements, the no lender has 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 2017. Thus, the non-current portion of the bank debt according to the loan agreement, has been reclassified as current liabilities as at 31 December 2017.

The reclassification of all loan 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 2018, 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. Furthermore, freight rates have developed positively during 2018 compared to budget and 2017.

Based on the above it has been considered appropriate that these financial statements for the twelve months period ending 31 December 2017 have been prepared on a going concern basis.

Note 2. Employee benefit expenses

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

Note 3. Tax for the year

As the company is under the Danish Tonnage tax regime, the expected taxable income in the future is limited.

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

Notes – continued

Note 4. Other financial expenses

	2017 USD	2016 USD
Interest expense – term loan	3,160,447	2,776,990
Amortized borrowing cost – term loan	39,221	39,548
Interest payable, group enterprise	23,859	40,476
Exchange losses	10,607	36,369
Other financial expenses	2,220	357
	3,236,354	2,893,740

Note 5. Property, plant and equipment

	Vessels USD
Cost	
Balance at 1/1	65,717,286
Additions in the year	112,487
Disposals in the year	0
Cost at 31/12	**65,829,773**
Depreciation and write-downs	
Balance at 1/1	2,326,694
Depreciation in the year	2,558,375
Depreciation and write-downs at 31/12	**4,885,069**
Carrying amount at 31/12 2017	**60,944,704**
Carrying amount at 31/12 2016	63,390,592

Note 7 provides more details on security for loans, etc., as regards property, plant and equipment.

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. During the financial period, the borrowing costs capitalized as part of the cost of these vessels amounted to US$754,365.

Notes - continued

Note 6. Long-term liabilities

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 2017 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 2017. Thus, the non-current portion of the bank debt amounting to US$53,691,807 has been reclassified as current liabilities as at 31 December 2017. 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.

Note 7. Security for loans

The Bank loan has been drawn down under a finance lease structure.

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

Note 8. Contingent liabilities and other financial obligations

The Company has at 31.12.2017 obligations regarding Technical Management agreement of USD 245,834.

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

Note 9. Subsequent events

On 9 March 2018, the Group terminated the Joint Venture agreement with Thome and going forward all tasks previously done by Thome will be taken over by either Bourbon or Evergas Ship Management Pte Ltd.

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.