

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2

To

## Form F-1

### REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

## Dorian LPG Ltd.

(Exact name of registrant as specified in its charter)

**Marshall Islands**  
(State or other jurisdiction of incorporation  
or organization)

**4412**  
(Primary Standard Industrial Classification  
Code Number)

**N/A**  
(I.R.S. Employer Identification Number)

**Dorian LPG Ltd.**  
**c/o Dorian LPG (USA) LLC**  
**27 Signal Road**  
**Stamford, Connecticut 06902**  
**(203) 674-9695**

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

**Seward & Kissel LLP**  
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(Name, address and telephone number of agent  
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Approximate date of commencement of proposed sale to the public:  
**As soon as practicable after this Registration Statement becomes effective.**

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Shares, \$0.01 par value per share	\$ 150,000,000	\$ 19,243*

\* Previously paid.

(1) Includes common shares that may be sold pursuant to exercise of the underwriters' option to purchase additional common shares.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) Calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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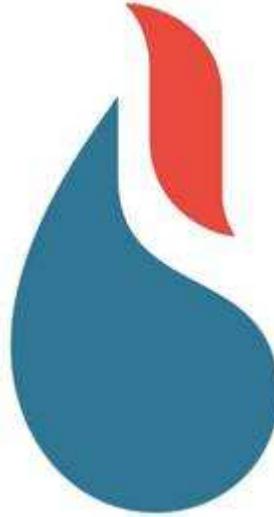
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The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 17, 2014  
PRELIMINARY PROSPECTUS

Common Shares



***DORIAN LPG LTD.***

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Dorian LPG Ltd. is offering \_\_\_\_\_ of its common shares. This is our initial public offering in the United States and currently our common shares are not listed on any United States securities exchange. We anticipate that the initial public offering price will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share.

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Our common shares are traded on the Norwegian OTC List, an over-the-counter market that is administered and operated by a subsidiary of the Norwegian Securities Dealers Association, under the symbol “DORIAN.” On April 14, 2014, the closing price of our common shares was 23.75 Norwegian Kroner (“NOK”) per share, which was equivalent to approximately \$3.98 per share based on the Bloomberg Composite Rate of NOK5.9654 per \$1.00 in effect on that date. Concurrently with this offering, we will offer to exchange our outstanding common shares held by non-affiliates for an equal number of common shares that have been registered under the U.S. Securities Act of 1933, as amended (“the Securities Act”). The sales of substantial amounts of these common shares in the near term, or the perception that these sales may occur, could cause the market price of our common shares to decline.

We will apply to list our common shares on the New York Stock Exchange under the symbol “LPG.”

**We are an “emerging growth company” as that term is used in the Securities Act and we are eligible for reduced reporting requirements. See “Summary—Implications of Being an Emerging Growth Company.”**

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**Investing in our common shares involves risks. Please read “Risk Factors” beginning on page 14.**

	Price to Public	Underwriting Discounts and Commissions (1)	Proceeds to Dorian LPG
Per Share	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

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(1) See “Underwriting” for additional information regarding total underwriting compensation.

We will grant the underwriters the option to purchase up to an additional \_\_\_\_\_ of our common shares to cover over-allotments, if any.

**The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the common shares to purchasers on \_\_\_\_\_, 2014.

**J.P. Morgan**

**UBS Investment Bank**

, 2014

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***Captain Markos NL , a 82,000 cbm VLGC***



***Captain Nicholas ML , a 82,000 cbm VLGC***

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized any other person to provide you with additional, different or inconsistent information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus is accurate as of any date other than the date on the front cover of this prospectus unless otherwise specified herein. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our website does not constitute part of this prospectus.

We have not taken any action to permit a public offering of these securities outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of these securities and the distribution of this prospectus outside the United States.

**Until \_\_\_\_\_, 2014 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

### Industry and market data

The market data and certain other statistical information about our industry used throughout this prospectus are based on information provided by Poten & Partners (UK) Limited ("Poten and Partners"), independent industry publications, government publications or other published independent sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable and we are not aware of any misstatements regarding our market, industry or similar data presented herein. We believe and act as if the industry data provided by Poten & Partners is reliable and accurate in all material respects. Such third party information may be different from other sources and may not reflect all or even a comprehensive set of the actual transactions occurring in the market. In addition, some data is also based on our good faith estimates and our management's understanding of industry conditions. Such data is subject to change based on various factors, including those discussed under the headings "Forward-Looking Statements" and "Risk Factors" in this prospectus.

## PROSPECTUS SUMMARY

*This summary highlights information that appears later in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. As an investor or prospective investor, you should carefully review the entire prospectus, including the section entitled “Risk Factors” and the more detailed information that appears later in this prospectus before making an investment in our common shares. The information presented in this prospectus assumes, unless otherwise indicated, that the underwriters’ option to purchase additional common shares is not exercised. Unless otherwise indicated, the information presented in this prospectus gives effect to a one-for- reverse stock split of our issued and outstanding common shares effective on , 2014.*

*Unless otherwise indicated, references to “Dorian,” the “Company,” “we,” “our,” “us,” or similar terms refer to Dorian LPG Ltd. and its subsidiaries and predecessors. The terms “Predecessor” and “Predecessor Business” refer to the owning companies of the four vessels of our Initial Fleet, as defined below, prior to their acquisition by us. We use the term “LPG” to refer to liquefied petroleum gas and we use the term “cbm” to refer to cubic meters in describing the carrying capacity of our vessels. References in this prospectus to “Statoil,” “Shell” and “Petredec” refer to Statoil ASA, Royal Dutch Shell plc, and Petredec Limited, respectively, and certain of each of their subsidiaries that are our customers. Unless otherwise indicated, all references to “U.S. dollars,” “USD,” “dollars,” “U.S.\$,” and “\$” in this prospectus are to the lawful currency of the United States of America and references to “Norwegian Kroner” and “NOK” are to the lawful currency of Norway.*

### Our Company

We are an international LPG shipping company headquartered in the United States and primarily focused on owning and operating Very Large Gas Carriers (“VLGCs”), each with a cargo-carrying capacity of greater than 80,000 cbm. Our founding executives have managed vessels in the LPG market since 2002 and we currently own and operate four LPG carriers, including three modern 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel, through our management function which is to be brought in-house from our existing managers by the end of the second calendar quarter of 2014. In addition, we have newbuilding contracts for the construction of 19 new fuel-efficient 84,000 cbm VLGCs at Hyundai Heavy Industries Co., Ltd. (“Hyundai”) and Daewoo Shipping and Marine Engineering Ltd. (“Daewoo”), both of which are based in South Korea, with scheduled deliveries between July 2014 and January 2016.

Our strategy is to become one of the leading owners and operators of modern fuel-efficient VLGCs and capitalize on the growing global market for LPG transportation services. We expect demand for VLGCs to increase as long-haul and large-volume LPG trade increases, due in part to the growth of U.S. shale oil and gas production and significant demand for LPG from Asia. VLGCs are the most cost-effective vessels for the transportation of increasingly larger volumes of LPG on longer routes between exporting and importing regions. We also believe that the VLGC segment presents positive fundamentals and high barriers to entry arising from limited global shipyard capacity for VLGCs and the technical complexity of operating LPG carriers.

Our customers include global energy companies such as Statoil and Shell, commodity traders such as Petredec, and industrial users. We believe that we have established a reputation as a safe and reliable operator of modern and technically advanced LPG carriers supporting our customers’ global LPG supply chains. We also believe that these attributes, together with our strategic focus on structuring charter arrangements that meet our customers’ maritime transportation needs, have contributed to our ability to attract leading charterers as our customers. We intend to pursue a balanced chartering strategy by employing our vessels on a mix of multi-year time charters, some of which may include a profit-sharing component, as well as on spot market voyages and shorter-term time charters. We believe this strategy will provide us with a base of stable cash flows and high utilization rates and allow us to capitalize on profitable shorter duration opportunities, while maintaining a reasonable level of exposure to the potential downside risk of a decrease in spot market charter rates. Three of our four vessels in the water are currently employed on time charters that are set to expire in 2014, and one vessel is employed in the spot market.

We were incorporated on July 1, 2013 under the laws of the Republic of the Marshall Islands for the purpose of owning and operating LPG carriers. On July 29, 2013, in connection with our formation, we entered into concurrent transactions in which we issued an aggregate of 93,221,621 common shares to Dorian Holdings LLC (“Dorian Holdings”), SeaDor Holdings LLC (“SeaDor Holdings”) and other investors, in exchange for the four vessels in our Initial Fleet, including our assumption of debt obligations associated with the vessels, contracts for the construction of three newbuilding VLGCs and options to acquire an additional three newbuilding VLGCs, which we have since exercised, and net proceeds of approximately \$162 million as described in Note 1 to the consolidated financial statements included herein. On November 26, 2013, we completed the acquisition of 13 VLGC newbuilding contracts, associated deposits to shipyards and cash from Scorpio Tankers Inc. (“Scorpio Tankers”) in return for 39,952,123 common shares, and we simultaneously completed a private placement in Norway of 80,405,405 common shares for net proceeds of approximately \$243 million. On February 12, 2014, we completed a private placement in Norway of 28,246,000 common shares for net proceeds of approximately \$96 million as described in Note 21 to the consolidated financial statements included herein.

Our founding executives, John Hadjipateras, our Chairman, President and Chief Executive Officer, and John Lycouris, the Chief Executive Officer of Dorian LPG (USA) LLC, have been involved in the management of shipping companies since 1972 and 1975, respectively. They have been involved in the purchase, management, and sale of over 35 vessels and have managed numerous vessels for third parties over the same time period. Mr. Hadjipateras and Mr. Lycouris have supported the management of our Predecessor Business in overseeing the vessels in our Initial Fleet since their acquisition by our Predecessor. Our founding executives and the rest of our senior management team have an average of 24 years of shipping industry experience. Our principal shareholders include Scorpio Tankers (NYSE:STNG); SeaDor Holdings, an affiliate of SEACOR Holdings Inc. (NYSE:CKH); and Dorian Holdings, which own 26.5%, 19.3% and 11.7%, respectively, of our total shares outstanding, as of the date of this prospectus. Through the longstanding industry involvement of our management, directors and major shareholders, we believe we have an extensive network of relationships with major energy companies, leading LPG shipyards, financial institutions and other key participants within the shipping sector.

## Our Fleet

Our fleet currently consists of four LPG carriers, including three modern 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel, which we refer to collectively as our Initial Fleet. In addition, we have newbuilding contracts for the construction of 19 new fuel-efficient 84,000 cbm VLGCs at Hyundai and Daewoo, both of which are based in South Korea, with scheduled deliveries between July 2014 and January 2016. We refer to these contracts as our VLGC Newbuilding Program.

Upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the industry's largest VLGC fleets, as measured by both number of vessels and aggregate cargo-carrying capacity. Each of our newbuildings will be an ECO-design vessel incorporating advanced fuel efficiency and emission-reducing technologies. Upon completion of our VLGC Newbuilding Program in January 2016, 100% of our VLGC fleet will be operated as sister ships and the average age of our VLGC fleet will be approximately 1.6 years, while the average age of the current worldwide VLGC fleet is approximately 10 years.

The following table sets forth certain information regarding our vessels as of the date of this prospectus:

	Capacity (Cbm)	Shipyard	Sister Ships	Year Built/ Scheduled Delivery ( 1 )	ECO Vessel ( 2 )	Charterer	Charter Expiration ( 1 )
<b>INITIAL FLEET</b>							
<b>VLGC</b>							
<i>Captain Nicholas ML</i> (3)	82,000	Hyundai	A	2008	—	Statoil	Q2 2014
<i>Captain John NP</i>	82,000	Hyundai	A	2007	—	Spot	—
<i>Captain Markos NL</i> (4)	82,000	Hyundai	A	2006	—	Statoil Shell	Q3 2014 Q3 2019
<b>Small Pressure</b>							
<i>Grendon</i> (5)	5,000	Higaki		1996	—	Petredec	Q2 2014
<b>VLGC NEWBUILDING PROGRAM</b>							
<i>Comet</i> (6)	84,000	Hyundai	B	Q3 2014	X	Shell	Q2 2019
<i>Corsair</i>	84,000	Hyundai	B	Q3 2014	X	—	—
<i>Corvette</i>	84,000	Hyundai	B	Q4 2014	X	—	—
<i>NB#4</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#5</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#6</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#7</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#8</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>NB#9</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>NB#10</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>NB#11</i>	84,000	Daewoo	C	Q3 2015	X	—	—
<i>NB#12</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#13</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#14</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#15</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#16</i>	84,000	Daewoo	C	Q4 2015	X	—	—
<i>NB#17</i>	84,000	Daewoo	C	Q4 2015	X	—	—
<i>NB#18</i>	84,000	Hyundai	B	Q1 2016	X	—	—
<i>NB#19</i>	84,000	Hyundai	B	Q1 2016	X	—	—
<b>Total</b>	<b>1,847,000</b>						

- (1) Represents calendar year quarters.
- (2) Represents vessels with very low revolutions per minute, long-stroke, electronically controlled engines, larger propellers, advanced hull design, and low friction paint.
- (3) On time charter at a base rate of \$700,000 per month and a 100% profit share based on average spot market rates between the base rate of \$700,000 per month and a maximum rate of \$1,200,000 per month.
- (4) Currently on time charter at a base rate of \$500,000 per month and a 100% profit share based on average spot market rates between the base rate of \$500,000 per month and a maximum rate of \$1,050,000 per month. Commencing November 1, 2014, on time charter to Shell at a rate of \$850,000 per month.
- (5) On time charter at a rate of \$315,000 per month.
- (6) On time charter beginning on or around July 31, 2014 at a rate of \$945,000 per month.

Installment payments made by us or through acquisitions total \$266.7 million under our VLGC Newbuilding Program and our remaining contractual commitments total approximately \$1.2 billion, as of March 27, 2014. Although we can provide no assurance that we will be successful in obtaining financing at all or on satisfactory terms, we plan to finance the estimated remaining project costs for the vessels in our VLGC Newbuilding Program with cash on hand, the net proceeds of this offering and borrowings in an estimated amount of approximately \$750 million under new credit facilities we are currently discussing with a number of banks.

## Competitive Strengths

We believe that we possess a number of competitive strengths that will allow us to capitalize on growth opportunities in the LPG shipping market, including:

### ***Leading position in VLGC market upon delivery of modern fleet of fuel-efficient newbuilding vessels built to high specifications.***

Upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the industry's largest VLGC fleets, as measured by both number of vessels and aggregate cargo-carrying capacity. Upon completion of our VLGC Newbuilding Program, approximately 86% of our VLGC fleet will consist of fuel-efficient ECO vessels. We believe that these vessels will have average fuel savings of approximately \$4,000 per day compared to non-ECO vessels of the same size. Although we can provide no assurance that ECO vessels will generate greater profits compared to non-ECO vessels, we believe that a fleet of such vessels will be more attractive to charterers and oil majors and will help drive higher revenue and increased profitability.

***In-house technical management will result in better ability to meet stringent customer standards.*** By conducting our technical management in-house, we believe that we will have better control over the quality and cost of our operations. Major energy companies are highly selective in their choice of VLGC vessels and operators, particularly for medium to long-term charters, and have established strict operational and financial standards to pre-qualify, or vet, VLGC operators prior to entering into charters. In addition, major energy companies require operators to continue to comply with these standards on an ongoing basis. We have successfully completed this pre-qualification process with major energy companies, including Statoil and Shell, and remain in compliance with their required standards. Our vessel manager is ISO 9001 Quality Management, 14001 Environmental Management, OHSAS 18001 Occupational Health & Safety Management certified and in 2011, Statoil recognized the achievements of our management team with its Working Safely with Suppliers Award for outstanding Health Safety and Environmental (HSE) performance among approximately 30 shipping suppliers. We believe our established ability to comply with these rigorous and comprehensive standards will enable us to compete effectively for new charters.

***Sister vessel efficiencies.*** Three of the four vessels in our Initial Fleet and all of our newbuildings are "sister ships," or vessels which are of uniform design and specification as other vessels of our fleet built at the same shipyard. We believe that operating sister ships will enable us to benefit from more chartering opportunities, economies of scale and operating and cost efficiencies in ship construction, crew training, crew rotation, maintenance and shared spare parts. We believe that more chartering opportunities will be available to us because many charterers prefer sister ships due to their interchangeability and the flexibility in assigning voyages associated with the use of sister vessels.

***Experienced management team with extensive industry experience and reputation for operational excellence.*** Our management team has managed and operated LPG vessels for us and our Predecessor since 2002, and VLGC vessels since 2006. Our founding executives, John Hadjipateras, our Chairman, President and Chief Executive Officer, and John Lycouris, the Chief Executive Officer of Dorian LPG (USA) LLC, together with Mr. Ted Young, our Chief Financial Officer, have an average of 24 years of shipping experience. We believe this expertise, together with our reputation and track record in LPG shipping, has allowed us to maintain strong relationships with major charterers, other vessel owners and financial institutions and positions us favorably to capture additional commercial opportunities in the industry and to access financing to grow our business.

***Strong shareholder base with industry expertise.*** Our principal shareholders include Scorpio Tankers Inc. (NYSE:STNG), SeaDor Holdings LLC, an affiliate of SEACOR Holdings Inc. (NYSE:CKH), and Dorian Holdings LLC. Our major shareholders and their principals, including their affiliated members of our board of directors, have longstanding maritime experience and strong relationships with key participants in the shipping sector. Although there can be no assurance that such benefits will be realized, we believe that these longstanding relationships with global energy companies, industrial users and commodity traders, along with chartering brokers, shipbuilders and financial institutions, should provide us with profitable employment opportunities in the LPG sector, as well as access to financing to grow our business through newbuild and secondhand vessel acquisitions.

## **Our Business Strategy**

Our strategy is to build one of the industry's leading fleets of modern fuel-efficient VLGCs in order to capitalize on the growing global market for LPG transportation services. Key elements of our business strategy include:

***Capitalize on the increasing demand for long-haul seaborne transportation of LPG.*** The growth in the United States of shale-derived oil and gas rich in natural gas liquids has contributed to a significant increase in the production of LPG. According to Poten & Partners, the U.S. is expected to become the largest LPG exporter in the world. LPG exports of 8.7 million metric tons in 2013 are expected to double by 2017 as a result of additional export projects from which supplies have already been committed to buyers. In addition, Middle East exports are expected to continue to grow and demand is anticipated to be concentrated in Japan, Korea and China, thereby requiring long-haul transport from both production hubs. U.S. export facilities recently built and under construction are principally oriented towards loading VLGCs, which are the primary vessel type used for U.S. exports. We believe that VLGCs represent the most cost effective transportation option for large LPG importers.

***Grow our fleet through our VLGC Newbuilding Program and consolidate through additional vessel acquisitions.*** Our newbuild contracts are with the Hyundai and Daewoo shipyards, both of which are based in South Korea and with which we have strong relationships. Upon delivery of the 19 newbuildings from our current VLGC Newbuilding Program, we expect to own and operate one of the industry's largest and youngest VLGC fleets, equipped with many of the most modern features. We also intend to make selective acquisitions within the LPG sector of newbuildings and modern, eco-friendly secondhand vessels. Furthermore, we believe that our well-established operations and commercial relationships will make us a partner of choice among smaller VLGC owners to lead a consolidation in the industry. We believe that our strong relationships with established shipyards and financial flexibility will provide us the opportunity to make additional acquisitions which are accretive to our cash flow per share, based on our judgment and experience as to prevailing market conditions, although there can be no assurance that we will succeed in making such acquisitions or that any additional acquisitions will be accretive to our cash flows.

***Continue a balanced chartering strategy that supports stable cash flows with additional upside from selected spot market exposure and our VLGC Newbuilding Program.*** We believe that our balanced chartering strategy of building a portfolio of medium to long-term, fixed-rate charters for a portion of our fleet, potentially including profit sharing arrangements, coupled with exposure to the spot and short-term charter market for the balance of the fleet, will allow us to provide a steady base of revenue and cash flow along with upside exposure, while maintaining a reasonable level of exposure to the potential downside risk of a decrease in spot market charter rates. We also intend to stagger the charter re-delivery dates for our vessels to minimize re-chartering risk. Although we cannot assure you that our VLGC Newbuilding Program will generate such growth, we believe our commitment to purchase 19 additional vessels scheduled for delivery between 2014 and 2016 will enable us to achieve higher revenue, operating income and net income.

***Leverage our ability to meet rigorous industry and regulatory safety standards.*** We believe that major energy companies seek reliable vessel owners as counterparties who are reputable, whose vessels are well maintained and who can provide both high quality and safe operations. We believe that our founding executives and management team have an excellent vessel safety record, are capable of fully complying with rigorous health, safety and environmental protection standards, and are committed to provide our customers with a high level of customer service and support. We believe that maintaining our excellent vessel safety record and maintaining and building on our high level of customer service and support will allow us to be successful in growing our business in the future.

***In-house commercial and technical management.*** We will have fully integrated vessel management operations that will allow us to perform our commercial and technical management services in-house. We believe that our extensive experience will allow us to maintain better control over the quality of our operations than would be achieved by having these services performed by a third party. We further believe that our in-house commercial and technical management will minimize the potential for conflicts between our interests and the interests of our managers. We believe that the benefits of our in-house management capabilities will be magnified upon the completion of our VLGC Newbuilding Program given the cost benefits associated with increased scale.

**Maintain a strong balance sheet with financial strength and flexibility.** We expect to maintain a strong, flexible balance sheet by maintaining sufficient liquidity to meet our obligations and operating requirements, moderate levels of leverage and by relying on a combination of equity and debt financing for future vessel acquisitions. We intend to incur approximately \$750 million of additional debt to finance the approximately \$1.42 billion aggregate purchase price of our vessels, which we believe represents a moderate level of leverage relative to our peers. We believe that this approach will allow us to capitalize on favorable market opportunities and better positions us to withstand the volatility of the VLGC charter market.

## Recent Developments

On February 12, 2014, we completed a private placement of 28,246,000 shares to Norwegian and international institutional investors at a price of NOK 22.00, or USD \$3.58 based upon the exchange rate on February 12, 2014, which represents approximately \$100.0 million in gross proceeds not including closing fees. Upon completion of this private placement, we have 241,825,149 common shares issued and outstanding.

On February 21, 2014, pursuant to an option agreement with Hyundai., three newbuilding contracts were executed with a total contract price of \$216.7 million. These newbuilding contracts represent the seventeenth, eighteenth, and nineteenth newbuildings in our VLGC Newbuilding Program, and are scheduled to be delivered between calendar Q2 2015 and Q4 2015.

On February 21, 2014, we entered into a 5 year time charter agreement with Shell for the *Captain Markos NL*, which is currently on time charter to Statoil at a base rate of \$500,000 per month and a 100% profit share through calendar Q3 2014. The new five-year charter to Shell is scheduled to commence on November 1, 2014, at a rate of \$850,000 per month, with a charter expiration of Q3 2019.

On February 21, 2014, we entered into a 5 year time charter agreement with Shell for the *Comet*, the first newbuilding vessel in our VLGC Newbuilding Program, which is scheduled to be delivered in calendar Q3 2014. The new five-year time charter will commence on or around July 31, 2014 at a rate of \$945,000 per month.

We are currently negotiating with a strategic investor the terms of a potential private placement of approximately \$25 million of our common shares. Although there can be no assurance that these negotiations will be successful, we expect that the proposed transaction would be concluded on or prior to the closing of this offering.

## Positive Industry Fundamentals

We believe that the LPG industry has positive fundamental prospects for us to grow our business:

**The United States is expected to become the largest LPG exporter in the world.** The strong growth in unconventional shale oil and gas production in the U.S. has created a significant surplus of associated LPG. The United States became a net exporter of LPG for the first time in its history in 2009, and U.S. seaborne exports grew by 250% from 2009 to 2013. According to Poten & Partners, U.S. exports are expected to increase from approximately 8.7 million metric tons per year (“mm t/y”) in 2013 to approximately 15.0 mm t/y in 2015, or 31% annually. This increase in exports is supported by the growth in export terminal capacity, which Poten & Partners estimates will increase by 400% from 9 million metric tons in 2013 to 45 million metric tons in 2017. U.S. LPG is priced at a significant discount to the LPG being exported out of the Arabian Gulf, as U.S. LPG pricing is influenced by cheap natural gas while Saudi Arabia pricing is based on crude oil. In particular, the wide inter-regional price difference has encouraged major LPG importers in the Far East, primarily from Japan, South Korea and China, to sign contracts to lift LPG out of U.S. export facilities. According to Poten & Partners, growing gas production and processing particularly in the United States and also in the Arabian Gulf is expected to further increase the volumes of seaborne LPG by an additional 30% by 2017, compared to 2013. There can be no assurance, however, that the forecasted growth described above will be achieved or sustained.

**Asia-driven LPG demand is expected to continue to drive longhaul seaborne LPG trade.** Seaborne LPG trade has increased rapidly, more than doubling from 33 million metric tons in 1990 to 68 million metric tons in 2013. Asia is the world’s largest importing hub for LPG, absorbing roughly 56% of world seaborne imports. Asia is also the fastest growing LPG importer. Although there can be no assurance that such trends will continue, according to Poten & Partners, Asian demand is expected to grow by 45% between 2013 and 2017 as petrochemical demand is expected to increase due to lower LPG prices from the West. In addition, new Propane Dehydrogenation (“PDH”) plants are being constructed in China and South Korea to provide “on purpose” propylene, which will allow increased domestic production of polypropylene, a key component in the plastics chain.

**VLGCs are best suited to address developing trade routes.** With strong demand fundamentals in Asia and increased LPG supply out of the U.S., the LPG industry continues to shift to long-haul and large-volume trade. The new long haul trade routes from the U.S. to Asia that are currently being established are likely to become among the most important routes in seaborne LPG trade. We believe the VLGC segment is best suited to meet these developing trade routes because it is the most cost-effective as measured by cost per metric ton and supplies LPG parcel sizes that reflect customer requirements. We believe that we are well positioned to capitalize on this favorable market trend.

**Limited VLGC shipyard capacity and high barriers to entry should restrict the supply of new VLGCs.** As of January 1, 2014, there were 157 VLGCs in the global fleet and the global orderbook contained 48 VLGCs to be delivered between 2014 and 2016, according to Poten & Partners. We believe that growth in the current orderbook will be modest, due to the relatively small



number of high-quality shipyards that have successfully produced VLGCs and the long lead-time required for key components for LPG tankers. In addition, we believe that there are significant barriers to entry in the LPG shipping sector, which also limit the current orderbook due to large capital requirements, limited availability of qualified vessel personnel and the high degree of technical competency required to operate LPG vessels. We believe that the expected vessel supply growth is well matched to growth in demand for LPG shipping.

***Increasing consolidation of the global VLGC fleet.*** According to Poten & Partners, there are approximately 55 owners in the global VLGC fleet, with the top ten owners possessing 43% of the total capacity in service. Upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the industry’s largest VLGC fleets, as measured by both number of vessels and aggregate cargo-carrying capacity. We believe that our position as a leading owner will offer significant opportunities to grow through acquisition and to enjoy increased economies of scale in our operations. We also believe that a larger fleet will allow us to provide more service to more major energy companies on a global basis and thus become a more important part of our customers’ LPG operations.

We can provide no assurance that the industry dynamics described above will continue or that we will be able to capitalize on these opportunities. Please see “Risk Factors”.

## **Management of Our Business**

Upon completion of our transition to in-house management prior to the end of the second calendar quarter of 2014, all technical and commercial management services for our fleet will be provided by the following wholly-owned subsidiaries:

- Dorian LPG (USA) LLC will provide financial and commercial management services to us;
- Dorian LPG (UK) Ltd will provide chartering, post-fixture operations, legal and risk management services for us; and
- Dorian LPG Management Corp. (Greece) will provide technical, health/safety/environmental/quality, human resource and accounting services to us.

We have entered into transition agreements with our existing managers, pursuant to which these management services will be brought in-house as described above and our existing management agreements will be terminated. See “Related Party Transactions—Management Agreements.”

## **Risk Factors**

We face a number of risks associated with our business and industry and must overcome a variety of challenges to benefit from our strengths and implement our business strategies. These risks relate to, among others, changes in the international shipping industry, including supply and demand, charter hire rates, commodity prices, global economic activity, hazards inherent in our industry and operations resulting in liability for damage to or destruction of property and equipment, pollution or environmental damage, ability to comply with covenants in the credit facilities we have or may enter into, ability to finance capital projects, and ability to successfully employ our LPG carriers.

You should carefully consider the above risks, those risks described in “Risk Factors” and the other information in this prospectus before deciding whether to invest in our common shares.

## **Implications of Being an Emerging Growth Company**

We had less than \$1.0 billion in revenue during our last fiscal year, which means that we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act (the “JOBS Act”), and the related provisions of the Securities Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- the ability to present only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations in the registration statement for our initial public offering;
- exemption from the auditor attestation requirement in the assessment of the emerging growth company’s internal controls over financial reporting;
- exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies; and
- exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight

Board (the “PCAOB”) requiring mandatory audit firm rotation or a supplement to our auditor’s report in which the auditor would be required to provide additional information about the audit and our financial statements.

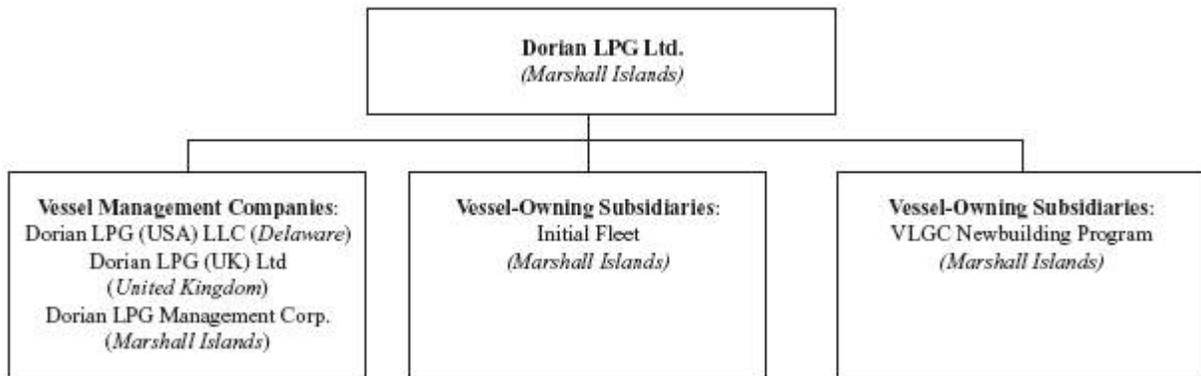
We may take advantage of these provisions until the end of the fiscal year following the fifth anniversary of our initial public offering or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company if we have more than \$1.0 billion in “total annual gross revenues” during our most recently completed fiscal year, if we become a “large accelerated filer” with market capitalization of more than \$700 million, or as of any date on which we have issued more than \$1.0 billion in non-convertible debt over the three year period to such date. We may choose to take advantage of some, but not all, of these reduced burdens. For as long as we take advantage of the reduced reporting obligations, the information that we provide shareholders may be different from information provided by other public companies. We are choosing to “opt out” of the extended transition period relating to the exemption from new or revised financial accounting standards and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

## Corporate Structure

We were incorporated in the Republic of the Marshall Islands on July 1, 2013 as a subsidiary of Dorian Holdings, for the purpose of owning and operating LPG carriers.

After the completion of this offering, Scorpio Tankers, Dorian Holdings and SeaDor Holdings are expected to control a substantial ownership percentage in us, representing approximately %, % and % respectively of our outstanding shares. We own our vessels through separate wholly owned subsidiaries that are incorporated in the Republic of the Marshall Islands. Prior to the end of the second calendar quarter of 2014, upon the completion of the management transition described below under “Related Party Transactions—Management Agreements,” vessel management services for our fleet will be provided through our wholly-owned subsidiaries Dorian LPG (USA) LLC, Dorian LPG (UK) Ltd and Dorian LPG Management Corp., incorporated in Delaware, the United Kingdom and the Republic of the Marshall Islands, respectively.

The following diagram depicts our organizational structure:



## CORPORATE INFORMATION

Our principal executive offices are at 27 Signal Road, Stamford, Connecticut 06902. Our telephone number at that address is (203) 978-1234. Our website is [www.dorianlpg.com](http://www.dorianlpg.com). The information contained on our website is not a part of this registration statement.

## OTHER INFORMATION

Because we are incorporated under the laws of Marshall Islands, you may encounter difficulty protecting your interests as shareholders, and your ability to protect your rights through the U.S. federal court system may be limited. Please refer to the sections entitled “Risk Factors” and “Enforceability of Civil Liabilities” for more information.

## THE OFFERING

Common shares offered	common shares.  common shares, if the underwriters exercise their over-allotment option in full.
Common shares outstanding immediately after the offering	common shares.  shares, if the underwriters exercise their over-allotment option in full.
Use of proceeds	<p>We estimate that we will receive net proceeds of approximately \$            million from this offering assuming the underwriters' over-allotment option is not exercised, and approximately \$            million if the underwriters' over-allotment option is exercised in full, in each case after deducting underwriting discounts and commissions and estimated expenses payable by us. These estimates are based on an assumed initial public offering price of \$            per share, which is the mid-point of the range on the cover of this prospectus.</p> <p>We intend to use the net proceeds of this offering as follows:</p> <ul style="list-style-type: none"><li>•            \$            to partly finance the construction of the 19 vessels in our VLGC Newbuilding Program; and</li><li>•            \$            for general corporate purposes and working capital.</li></ul> <p>Please read "Use of Proceeds."</p>
Dividend policy	<p>While we have not paid any dividends since our inception in July 2013, our longer-term objective is to pay dividends in order to enhance shareholder returns. We will evaluate the potential level and timing of dividends as soon as profits and newbuilding capital expenditure requirements allow. The timing and amount of any dividend payments will depend on, among other things, earnings, capital expenditure commitments, market prospects, current capital expenditure programs, investment opportunities, the provisions of Marshall Islands law affecting the payment of distributions to shareholders, and the terms and restrictions of our loan agreement and other future credit facilities.</p> <p>Please see the section entitled "Dividend Policy."</p>
NYSE listing	<p>We will apply to have our common shares listed for trading on the New York Stock Exchange ("the NYSE") under the symbol "LPG."</p>
Tax considerations	<p>There is a risk that we will be treated as a "passive foreign investment company" for U.S. federal income tax purposes for our 2014 taxable year or our 2015 taxable year. See "Tax Considerations—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Status and Significant Tax Consequences."</p> <p>Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payment of any dividends paid by us to our shareholders. See "Tax Considerations."</p>
Risk factors	<p>Investment in our common shares involves a high degree of risk. You should carefully read and consider the information set forth under the heading "Risk Factors" and all other information set forth in this prospectus before investing in our common shares.</p>

## SUMMARY FINANCIAL AND OPERATING DATA

*We were formed on July 1, 2013 by Dorian Holdings as a new LPG shipping company primarily focused on owning and operating VLGCs. Our fiscal year end is March 31.*

*On July 29, 2013, in connection with our formation, we entered into concurrent transactions in which we issued an aggregate of 93,221,621 common shares to Dorian Holdings, SeaDor Holdings and other investors, in exchange for the four vessels in our Initial Fleet, including our assumption of debt obligations associated with the vessels, contracts for the construction of three newbuilding VLGCs and options to acquire an additional three newbuilding VLGCs, and net proceeds of approximately \$162 million as described in Note 1 to the consolidated financial statements included herein. On November 26, 2013, we completed the acquisition of 13 VLGC newbuilding contracts, associated deposits to shipyards and cash from Scorpio Tankers, in return for 39,952,123 common shares, and we simultaneously completed a private placement in Norway of 80,405,405 of our common shares for net proceeds of approximately \$243 million. On February 12, 2014, we completed a private placement in Norway of 28,246,000 common shares as described in Note 21 to the consolidated financial statements included herein for net proceeds of approximately \$96 million.*

*All references to our common shares and per-share data included in the selected historical consolidated financial data below have been retrospectively adjusted to reflect the one-for- reverse stock split effective on , 2014. The consolidated financial statements of Dorian LPG Ltd. are presented as of December 31, 2013 and July 1, 2013 (inception) for the balance sheets and the results of operations, cash flows and statements of shareholders' equity are presented for the period July 1, 2013 (inception) to December 31, 2013. The consolidated financial statements for the period from inception to December 31, 2013 include the businesses and assets acquired in the transactions described above. The financial statements for the periods prior to July 29, 2013 represent the combined financial statements of the Predecessor Businesses.*

***THE PURCHASE METHOD OF ACCOUNTING WAS USED TO RECORD ASSETS ACQUIRED AND LIABILITIES ASSUMED BY THE COMPANY. SUCH ACCOUNTING GENERALLY RESULTS IN INCREASED AMORTIZATION AND DEPRECIATION REPORTED IN FUTURE PERIODS. ACCORDINGLY, THE ACCOMPANYING FINANCIAL STATEMENTS OF THE PREDECESSOR AND THE COMPANY ARE NOT COMPARABLE IN ALL MATERIAL RESPECTS SINCE THOSE FINANCIAL STATEMENTS REPORT FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS OF THESE TWO SEPARATE ENTITIES.***

The following table presents historical information as follows:

- The selected historical financial data as of and for the fiscal years ended March 31, 2013 and 2012 have been derived from the Predecessor Businesses' audited combined financial statements included elsewhere in this prospectus, and should be read together with and are qualified in its entirety by reference to such combined financial statements.
- The selected historical financial data as of December 31, 2013 and for the periods July 1, 2013 (inception) to December 31, 2013, have been derived from our unaudited consolidated financial statements and the notes thereto and the selected historical financial data for the period April 1, 2013 to July 28, 2013 and the period April 1, 2012 to December 31, 2012 have been derived from the Predecessor Businesses' unaudited combined financial statements and the notes thereto and, in our opinion, except as described below, have been prepared on a basis consistent with the audited financial statements and include all adjustments consisting of normal recurring adjustments, necessary for a fair presentation of this information.

The following table should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited consolidated financial statements and related notes thereto, the unaudited and audited combined financial statements and related notes thereto included elsewhere in this prospectus. The combined and consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are in U.S. dollars.

	<u>Dorian LPG Ltd.</u>	<u>Predecessor Businesses of Dorian LPG Ltd.</u>				
	Period July 1 (inception) To December 31, 2013	Period April 1, 2013 To July 28, 2013	Period April 1, 2012 To December 31, 2012		Years Ended March 31,	
					2013	2012
(in U.S. dollars, except fleet data)						
<b>Statement of Operations Data</b>						
Revenues	\$ 19,763,273	\$ 15,383,116	\$ 31,441,072	\$ 38,661,846	\$ 34,571,042	
Expenses						
Voyage expenses	4,637,596	3,623,872	6,879,105	8,751,257	2,075,698	
Voyage expenses-related party	—	198,360	411,336	505,926	448,683	
Vessel operating expenses	5,440,468	4,638,725	9,140,924	12,038,926	14,410,349	
Management fees-related party	1,997,356	601,202	1,368,000	1,824,000	1,824,000	
Depreciation and amortization	4,157,476	3,955,309	9,059,792	12,024,829	11,847,628	
General and administrative expenses	131,377	28,204	98,092	157,039	80,552	
Total expenses	<u>16,364,273</u>	<u>13,045,672</u>	<u>26,957,249</u>	<u>35,301,977</u>	<u>30,686,910</u>	
Operating income	3,399,000	2,337,444	4,483,823	3,359,869	3,884,132	
Other income/(expenses)						
Interest and finance cost	(1,204,172)	(762,815)	(2,005,339)	(2,568,985)	(2,415,855)	
Interest income	328,383	98	161	598	504	
(Loss)/Gain on derivative, net	(268,568)	2,830,205	(5,637,347)	(5,588,479)	(10,943,316)	
Foreign currency gain/(loss), net	1,889,842	(5)	(55,994)	(53,700)	2,215	
Total other income/(expenses), net	<u>745,485</u>	<u>2,067,483</u>	<u>(7,698,519)</u>	<u>(8,210,566)</u>	<u>(13,356,452)</u>	
Net income/(loss)	\$ 4,144,485	\$ 4,404,927	\$ (3,214,696)	\$ (4,850,697)	\$ (9,472,320)	
Earnings per common share, basic and diluted	\$ 0.03	—	—	—	—	
<b>Other Financial Data</b>						
Adjusted EBITDA(1)	\$ 9,774,701	\$ 6,292,846	\$ 13,487,782	\$ 15,331,596	\$ 15,734,479	
<b>Fleet Data</b>						
Calendar days	624	476	1,100	1,460	1,464	
Available days	604	476	1,087	1,447	1,421	
Operating days	600	449	1,018	1,359	1,405	
Fleet utilization	99.3%	94.3%	93.7%	93.9%	98.9%	
<b>Average Daily Results</b>						
Time charter equivalent rate	\$ 25,209	\$ 25,748	\$ 23,724	\$ 21,637	\$ 22,809	
Daily vessel operating expenses	\$ 8,719	\$ 9,745	\$ 8,310	\$ 8,246	\$ 9,843	

	<u>Dorian LPG Ltd.</u>	<u>Predecessor Businesses of Dorian LPG Ltd.</u>	
	As of December 31, 2013	As of March 31,	
		2013	2012
(in U.S. dollars)			
<b>Balance Sheet Data</b>			
Cash and cash equivalents	\$ 290,952,503	\$ 1,041,644	\$ 2,040,290
Restricted cash, current	30,927,602	—	—
Restricted cash, non-current	4,500,000	—	—
Total assets	750,576,656	194,447,604	203,943,273
Total liabilities	154,242,523	181,689,814	186,334,786
Total shareholders' / owners' equity	596,334,133	12,757,790	17,608,487

(1) Adjusted EBITDA represents net income before interest and finance costs, loss/(gain) on derivatives and depreciation and amortization and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. This increased comparability is achieved by excluding the potentially disparate effects between periods, and depreciation and amortization expense, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including adjusted EBITDA as a financial and operating measure benefits investors in selecting between investing in us and other investment alternatives.

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Adjusted EBITDA has certain limitations in use and should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. Adjusted EBITDA excludes some, but not all, items that affect net income. Adjusted EBITDA as presented below may not be computed consistently with similarly titled measures of other companies and, therefore might not be comparable with other companies.

The following table sets forth a reconciliation of net income to Adjusted EBITDA (unaudited) for the periods presented:

	<b>Dorian LPG Ltd.</b>	<b>Predecessor Businesses of Dorian LPG Ltd.</b>			
	Period July 1 (inception) To December 31, 2013	Period April 1, 2013 To July 28, 2013	Period April 1, 2012 To December 31, 2012 (in U.S. dollars)	Years Ended March 31,	
				2013	2012
Net income/(loss)	\$ 4,144,485	\$ 4,404,927	\$ (3,214,696)	\$ (4,850,697)	\$ (9,472,320)
Interest and finance cost	1,204,172	762,815	2,005,339	2,568,985	2,415,855
Loss /(Gain) on derivatives, net	268,568	(2,830,205)	5,637,347	5,588,479	10,943,316
Depreciation and amortization	4,157,476	3,955,309	9,059,792	12,024,829	11,847,628
Adjusted EBITDA	\$ 9,774,701	\$ 6,292,846	\$ 13,487,782	\$ 15,331,596	\$ 15,734,479

## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. Where any forward-looking statement includes a statement about the assumptions or bases underlying the forward-looking statement, we caution that, while we believe these assumptions or bases to be reasonable and made in good faith, assumed facts or bases almost always vary from the actual results, and the differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, our management expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. We cannot assure you, however, that the statement of expectation or belief will result or be achieved or accomplished. These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases, including references to assumptions. Forward-looking statements involve risks and uncertainties that may cause actual future activities and results of operations to be materially different from those suggested or described in this prospectus. These risks include the risks that are identified in the “Risk Factors” section of this prospectus, and also include, among others, risks associated with the following:

- future operating or financial results;
- our limited operating history;
- pending or recent acquisitions, business strategy and expected capital spending or operating expenses;
- future production of LPG, refined petroleum products and oil prices;
- infrastructure to support marine transportation of LPG, including pipelines and terminals;
- competition in the marine transportation industry;
- oversupply of LPG vessels comparable to ours;
- future supply and demand for oil and refined petroleum products and natural gas of which LPG is a byproduct;
- global and regional economic and political conditions;
- shipping market trends, including charter rates, factors affecting supply and demand and world fleet composition;
- ability to employ our vessels profitably;
- our limited number of assets and small number of customers;
- performance by the counterparties to our charter agreements;
- termination of our customer contracts;
- delays and cost overruns in vessel construction projects;
- our ability to incur additional indebtedness under and compliance with restrictions and covenants in our debt agreements;
- our need for cash to meet our debt service obligations and to pay installments in connection with our newbuilding vessels;
- our levels of operating and maintenance costs;
- our dependence on key personnel;
- availability of skilled workers and the related labor costs;

- compliance with governmental, tax, environmental and safety regulation;
- changes in tax laws, treaties or regulations;
- any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 (“the FCPA”), the U.K. Bribery Act 2010, or other applicable regulations relating to bribery;
- general economic conditions and conditions in the oil and natural gas industry;
- effects of new products and new technology in our industry;
- operating hazards in the maritime transportation industry;
- adequacy of insurance coverage in the event of a catastrophic event;
- the volatility of the price of our common shares;
- our incorporation under the laws of the Republic of the Marshall Islands and the limited rights to relief that may be available compared to other countries, including the United States;
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities, the terms of such financing and our ability to comply with covenants set forth in our existing and future financing arrangements; and
- expectations regarding vessel acquisitions.

Any forward-looking statements contained in this prospectus should not be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could differ materially from expectations expressed in the forward-looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is not realized. You should thoroughly read this prospectus with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this prospectus include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in “Risk Factors” in this prospectus. Additionally, new risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the forward-looking statements by these cautionary statements.

Readers are cautioned not to place undue reliance on the forward-looking statements contained in this prospectus, which represent the best judgment of our management. Such statements, estimates and projections reflect various assumptions made by us concerning anticipated results, which are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control and which may or may not prove to be correct. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## RISK FACTORS

*An investment in our common shares involves a high degree of risk. You should consider carefully the following risk factors, as well as the other information contained in this prospectus, before making an investment in our common shares. The following risks relate principally to us and our business and the industry in which we operate. Other risks relate principally to the securities markets and ownership of our common shares. Any of the risk factors described below could significantly and negatively affect our business, financial condition and results of operations and our ability to pay dividends, and lower the trading price of our common shares. You may lose part or all of your investment .*

### **Risks Relating to Our Company**

***We are a recently formed company with a limited history of operations on which investors may assess our performance.***

We are a recently formed company and have a limited performance record, operating history and historical financial statements upon which you can evaluate our operations or our ability to implement and achieve our business strategy. We cannot assure you that we will be successful in implementing our business strategy. In July 2013, we acquired the four vessels in our Initial Fleet, and we did not engage in any business or other activities prior to such acquisitions.

***Our Initial Fleet consists of four LPG carriers. Any limitation in the availability or operation of these vessels could have a material adverse effect on our business, results of operations and financial condition.***

Our Initial Fleet consists of four LPG carriers. Until the delivery of one or more of the vessels for which we have contracted, which are scheduled to be delivered to us beginning in the second half of 2014, or we identify and acquire additional vessels, we will depend upon these four vessels for all of our revenue. If any of our vessels are unable to generate revenues as a result of off-hire time, early termination of the applicable time charter or otherwise, our business, results of operations financial condition and ability to pay dividends on our common shares could be materially adversely affected.

***Due to our lack of diversification, adverse developments in the maritime LPG transportation business would adversely affect our business, financial condition and operating results***

We currently rely exclusively on the cash flow generated from the vessels in our Initial Fleet, all of which operate in the maritime LPG transportation business, and focus on VLGCs in particular. Unlike some other shipping companies, which have various vessels that can carry containers, dry bulk, crude oil and oil products, we expect to depend exclusively on the transport of LPG. Our lack of a diversified business model could materially adversely affect us if the maritime LPG transportation sector fails to develop in line with our expectations. Our lack of diversification could make us vulnerable to adverse developments in the international LPG shipping industry which would have a significantly greater impact on our business, financial condition and operating results than it would if we maintained more diverse assets or lines of business.

***We currently derive a substantial portion of our revenue and cash flow from two charterers and the loss of either of these charterers could cause us to suffer losses or otherwise adversely affect our business.***

We currently derive a substantial portion of our revenue and cash flow from two charterers, Statoil and Petredec. For the year ended March 31, 2013, Statoil accounted for 53% and Petredec accounted for 19% of our total revenue, and the remaining 28% of our total revenue was derived from our vessels trading on the spot market. The vessels we have contracted under time charters have fixed terms, but may be terminated early due to certain events, such as a charterer's failure to make charter payments to us because of financial inability, disagreements with us or otherwise. The ability of each of our counterparties to perform its obligations under a charter with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the LPG shipping industry, prevailing prices for LPG and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under an agreement with us, we may be unable to realize revenue under that charter and could sustain losses, which could have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends to our shareholders.

If any of our charters are terminated, we may be unable to re-deploy the related vessel on terms as favorable to us as our current charters, or at all. If we are unable to re-deploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, and we may be required to pay ongoing expenses necessary to maintain the vessel in proper operating condition. Any of these factors may decrease our revenue and cash flows. Further, the loss of any of our charterers, charters or vessels, or a decline in charter hire rates under any of our charters, could have a material adverse effect on our business, results of operations, financial condition and ability to pay dividends.

***We may not be able to successfully secure employment for our vessels, including our 18 newbuildings for which we have not yet arranged employment, which could adversely affect our financial condition and results of operations.***

Two of the vessels in our Initial Fleet are on time charters that expire in the second quarter of 2014, for which we have not arranged re-employment, and one of our vessels is operating in the spot market. In addition, we have not yet arranged employment for 18 of the vessels in our VLGC Newbuilding Program which we expect to be delivered between the third quarter of 2014 and the first quarter of 2016. As a result, a large number of our vessels may not have secured employment upon expiration of their current charters or delivery to us. We cannot assure you that we will be successful in finding employment for such vessels, on time charters, in the spot market, or otherwise, immediately upon their deliveries to us or whether such employment will be at profitable rates, which could affect the availability of financing as well as our general financial condition, results of operation and cash flow.

***Our growth in the LPG shipping market depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.***

The process of obtaining new charter agreements is highly competitive and generally involves an intensive screening process and competitive bidding process that often extends for several months. Contracts are awarded based upon a variety of factors, including:

- the operator's industry relationships, experience and reputation for customer service, quality operations and safety;
- the quality, experience and technical capability of the crew;
- the operator's relationships with shipyards and the ability to get suitable berths;
- the operator's construction management experience, including the ability to obtain on-time delivery of new vessels according to customer specifications;
- the operator's willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- the competitiveness of the bid in terms of overall price.

Our vessels will operate in a highly competitive market and we expect substantial competition for providing transportation services from a number of companies (both LPG vessel owners and operators). We anticipate that an increasing number of maritime transport companies, including many with strong reputations and extensive resources and experience, will enter the LPG shipping market. Our existing and potential competitors may have significantly greater financial resources than we do. Competition for the transportation of LPG depends on the price, location, size, age, condition and acceptability of the vessel to the charterer. Further, competitors with greater resources may have larger fleets, or could operate larger fleets through consolidations, acquisitions, newbuildings or pooling of their vessels with other companies, and, therefore, may be able to offer a more competitive service than us, including better charter rates. We expect competition from a number of experienced companies providing contracts for gas transportation services to potential LPG customers, including state-sponsored entities and major energy companies affiliated with the projects requiring shipping services. As a result, we may be unable to expand our relationships with existing customers or to obtain new customers on a profitable basis, if at all, which would have a material adverse effect on our business, financial condition and operating results.

***We are subject to credit risk with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.***

We have entered into, and expect to enter into in the future, various contracts, including charter agreements, shipbuilding contracts and credit facilities. Such agreements subject us to counterparty risks. The ability and willingness of our counterparties to perform their obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and LPG industries, the overall financial condition of the counterparty, charter rates for specific types of vessels, and various expenses. For example, the combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. In addition, in depressed market conditions, our charterers and customers may no longer need a vessel that is then under charter or contract or may be able to obtain a comparable vessel at lower rates. As a result, charterers and customers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*We are exposed to fluctuations in spot market charter rates, which may adversely affect our earnings.*

As of the date of this prospectus, one of our four vessels operates in the spot market, exposing us to fluctuations in spot market charter rates. In addition, we may employ additional vessels in the spot market in the future as our current time charters expire and as we take delivery of the vessels in our VLGC Newbuilding Program. The spot charter market may fluctuate significantly based upon LPG supply and demand. In addition, VLGC spot market rates are highly seasonal, with strength in the second and third calendar quarters, as suppliers build inventory for the high consumption northern hemisphere winter. Currently, spot market rates are seasonally weak, but they are at relatively high levels compared to similar historical periods. The successful operation of our vessels in the competitive and highly volatile spot charter market depends on, among other things, obtaining profitable spot charters, which depends greatly on vessel supply and demand, and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. When the current charters for our fleet expire or are terminated, it may not be possible to re-charter these vessels at similar rates, or at all, or to secure charters for our contracted LPG carrier newbuildings at similarly profitable rates, or at all. As a result, we may have to accept lower rates or experience off hire time for our vessels, which would adversely impact our revenues, results of operations and financial condition.

*Our VLGC Newbuilding Program is subject to risks, including our ability to obtain financing for the acquisition of the vessels we have contracted to acquire, which could cause delays, cost overruns or cancellations, which would have a material adverse effect on our results of operations, financial condition and cash flows.*

We have entered into contracts for the construction of 19 newbuilding vessels, for which, as of March 27, 2014, installment payments made by us or through acquisitions total \$266.7 million and our remaining contractual commitments total approximately \$1.2 billion. Although we can provide no assurance that we will be successful in obtaining financing at all or on satisfactory terms, we plan to finance the estimated remaining project costs for the vessels in our VLGC Newbuilding Program with cash on hand, the net proceeds of this offering and borrowings in an estimated amount of approximately \$750 million under new credit facilities we will seek to arrange. Our entry into new credit facilities and access to the public and private debt and equity markets are subject to significant conditions, including without limitation, the negotiation and execution of definitive documentation, as well as credit and debt market conditions, and we may not be able to obtain such financing on terms acceptable to us or at all. If financing is not available when needed, including potentially through debt or equity financings, or is available only on unfavorable terms, we may be unable to meet our purchase price payment obligations and complete the acquisition of these vessels. Our failure to obtain the funds for these capital expenditures could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows.

The delivery of any of the newbuildings we have ordered or may order or of any vessels we agree to acquire in the future could be delayed, which would delay our receipt of revenues under any future charters we enter into for the vessels. In addition, under some of the charters we may enter into for these newbuildings, if our delivery of a vessel to the customer is delayed, we may be required to pay liquidated damages in amounts equal to or, under some charters, significantly in excess of the hire rate during the delay. For prolonged delays, the customer may terminate the time charter, resulting in loss of revenues. The delivery of any newbuilding with substantial defects could have similar consequences.

Newbuilding construction projects are subject to risks of delay or cost overruns inherent in any large construction project from numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, unanticipated cost increases between order and delivery, design or engineering changes and work stoppages and other labor disputes, hostilities or political economic disturbances in the countries where the vessels are being built, including any escalation of recent tensions with North Korea, adverse weather conditions or any other events of force majeure.

In accordance with industry practice, in the event the shipyards are unable or unwilling to deliver the vessels, we may not have substantial remedies. Failure by the shipyard to construct or deliver the ships or any significant delays could increase our expenses, diminish our net income and may result in a material adverse effect on our business.

In addition, the refund guarantors under the newbuilding contracts, which are banks, financial institutions and other credit agencies, may also be affected by financial market conditions in the same manner as our lenders and, as a result, may be unable or unwilling to meet their obligations under their refund guarantees. If the shipbuilders or refund guarantors are unable or unwilling to meet their obligations to the sellers of the vessels, we may lose the deposits we have paid on these newbuildings or this may impact our acquisition of vessels and, in either case, may materially and adversely affect our operations and our obligations under our credit facilities.

***The failure to consummate or integrate acquisitions in a timely and cost-effective manner could have an adverse effect on our financial condition and results of operations.***

We believe that acquisition opportunities may arise from time to time, and any such acquisition could be significant. Any acquisition could involve the payment by us of a substantial amount of cash, the incurrence of a substantial amount of debt or the issuance of a substantial amount of equity. Certain acquisition and investment opportunities may not result in the consummation of a transaction. In addition, we may not be able to obtain acceptable terms for the required financing for any such acquisition or investment that arises. We cannot predict the effect, if any, that any announcement or consummation of an acquisition would have on the trading price of our common shares. Our future acquisitions could present a number of risks, including the risk of incorrect assumptions regarding the future results of acquired operations or assets or expected cost reductions or other synergies expected to be realized as a result of acquiring operations or assets, the risk of failing to successfully and timely integrate the operations or management of any acquired businesses or assets and the risk of diverting management's attention from existing operations or other priorities. We may also be subject to additional costs related to compliance with various international laws in connection with such acquisitions. If we fail to consummate and integrate our acquisitions in a timely and cost-effective manner, our financial condition, results of operations and ability to pay dividends, if any, to our shareholders could be adversely affected.

***Our loan agreement contains restrictive covenants that may limit our liquidity and corporate activities, which could have an adverse effect on our financial condition and results of operations.***

Our existing bank loan agreement contains, and any future financing arrangements are expected to contain, customary covenants and event of default clauses, including cross-default provisions and restrictive covenants and performance requirements, which may affect operational and financial flexibility. Such restrictions could affect, and in many respects limit or prohibit, among other things, our ability to pay dividends, incur additional indebtedness, create liens, sell assets, or engage in mergers or acquisitions. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. There can be no assurance that such restrictions will not adversely affect our ability to finance our future operations or capital needs.

Our loan agreement with the Royal Bank of Scotland, which is secured by each of the four vessels of our Initial Fleet, requires us to maintain specified financial ratios, satisfy financial covenants and contains cross-default clauses. These financial ratios and covenants include requirements that we:

- maintain a ratio of cash flow from operations before interest expense to cash debt service costs of not less than 0.75:1 through December 31, 2013, 0.8:1 through December 31, 2014; and 1:1 at all times thereafter;
- maintain minimum shareholders' equity, as adjusted for any reduction in the vessel fair market value, of not less than \$85 million;
- maintain a minimum cash balance of \$10 million at the end of each quarter and minimum cash balances of \$1.5 million per mortgaged vessel in a pledged account with the lender at all times;
- ensure that our debt to equity ratio does not at any time exceed 150%;
- maintain a ratio of the aggregate market value of the vessels securing the loan to the principal amount outstanding under such loan, plus 50% of the related swap exposure up to September 30, 2014 and 100% of such exposure thereafter, at all times in excess of 125%; and
- not pay dividends in excess of free cash flow if an event of default is occurring.

As of December 31, 2013, we are in compliance with our loan covenants.

The loan agreement also requires that Dorian Holdings maintain its ownership of our common shares at a minimum level currently set at 5.8%, subject to downward adjustment for any future equity issuances by us, and provides that the ownership of more than one-third of our common shares by any shareholder other than Dorian Holdings is an event of default, and requires the lender's approval prior to chartering for a period of greater than one year any of the vessels securing the loan, subject to certain conditions. Under the loan agreement, our subsidiaries which own the vessels securing the loan may make expenditures to fund our administration and operation but may not pay dividends to us.

As a result of the restrictions in our loan agreements, or similar restrictions in our future financing arrangements, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from

ours and we may not be able to obtain their permission when needed. This may prevent us from taking actions that we believe are in our best interest which may adversely impact our revenues, results of operations and financial condition.

A failure by us to meet our payment and other obligations, including our financial covenants and security coverage requirement, could lead to defaults under our secured loan agreements. In addition, a default under one of our credit facilities could result in the cross-acceleration of our other indebtedness. Our lenders could then accelerate our indebtedness and foreclose on our fleet. The loss of our vessels would mean we could not run our business.

***Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could adversely affect our results of operations.***

We generate all of our revenues in U.S. dollars and the majority of our expenses are also in U.S. dollars. However, a small portion of our overall expenses, mainly administrative costs, is incurred in other currencies, particularly the Euro, the Japanese Yen and the Singapore Dollar. This could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to the other currencies, in particular the Euro.

***The market values of our vessels may decrease, which could cause us to breach covenants in our loan agreements, and could have a material adverse effect on our business, financial condition and results of operations.***

Our existing loan agreement, which is secured by liens on each of the VLGC vessels in our Initial Fleet, contains various financial covenants, including requirements that relate to our financial condition, operating performance and liquidity. For example, we are required to maintain a minimum debt to equity ratio that is based, in part, upon the market value of the vessels securing the applicable loan, as well as a minimum ratio of the market value of vessels securing a loan to the principal amount outstanding under such loan. The market value of LPG carriers, is sensitive to, among other things, changes in the LPG carrier charter markets, with vessel values deteriorating in times when LPG carrier charter rates are falling and improving when charter rates are anticipated to rise. While the market values of our vessels have increased since the economic slowdown, they still remain below the historic high levels prior to the economic slowdown. LPG vessel values remain subject to significant fluctuation. A decline in the fair market values of our vessels could result in our not being in compliance with these loan covenants. Furthermore, if the value of our vessels deteriorates significantly, we may have to record an impairment adjustment in our financial statements, which would adversely affect our financial results and further hinder our ability to raise capital.

A failure to comply with our covenants and/or obtain covenant waivers or modifications could result in our lenders requiring us to post additional collateral, enhance our equity and liquidity, increase our interest payments or pay down our indebtedness to a level where we are in compliance with our loan covenants, sell vessels in our fleet or accelerate our indebtedness, which would impair our ability to continue to conduct our business. If our indebtedness is accelerated, we may not be able to refinance our debt or obtain additional financing and could lose our vessels if our lenders foreclose their liens. In addition, if we find it necessary to sell our vessels at a time when vessel prices are low, we will recognize losses and a reduction in our earnings, which could affect our ability to raise additional capital necessary for us to comply with our loan agreements.

***Our ability to obtain additional debt financing may be dependent on the performance of our then existing charters and the creditworthiness of our charterers.***

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require in order to complete a newbuilding acquisition or to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing other than at a higher than anticipated cost or at all may materially affect our results of operation and our ability to implement our business strategy.

***A significant increase in our debt levels may adversely affect our profitability and our cash flows.***

As of December 31, 2013 we had outstanding indebtedness of \$133.2 million and we expect to incur substantial further secured indebtedness, in an estimated amount of approximately \$750 million, as we finance the remaining purchase price of our 19 newbuilding vessels. This increase in the level of indebtedness as well as any further increase necessary to further expand our fleet, and the need to service such indebtedness, may impact our profitability and cash available for growth of our fleet, working capital and dividends. Additionally, any increase in the present interest rate levels may increase the cost of servicing our indebtedness and decrease our profits. We have to dedicate a portion of our cash flow from operations to pay the principal and interest on our debt. These payments limit funds otherwise available for working capital, capital expenditures, dividends and other purposes. The need to service our debt may limit our funds available for other purposes, including any distributions of cash to our shareholders, and our inability to service our debt could lead to acceleration of our debt and foreclosure on our fleet.

Moreover, carrying secured indebtedness exposes us to increased risks if the demand for seaborne LPG transportation decreases and charter rates and vessel values are adversely affected.

***We are a holding company, and depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments.***

We are a holding company, and our subsidiaries, which are all directly and indirectly wholly-owned by us, conduct all of our operations and own all of our operating assets. As a result, our ability to satisfy our financial obligations and to pay dividends, if any, to our shareholders depends on the ability of our subsidiaries to generate profits available for distribution to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, the terms of our financing arrangements or by the law of its jurisdiction of incorporation which regulates the payment of dividends. Our subsidiaries that own the four vessels in our Initial Fleet and who are party to our existing secured term loan facility with the Royal Bank of Scotland are prohibited from paying dividends to us without the consent of the lender. However, the loan facility permits the borrowers to make expenditures to fund our administration and operation.

***If we fail to manage our growth properly, we may not be able to successfully expand our fleet and may incur significant expenses and losses in connection therewith.***

We currently have 19 newbuildings on order at Hyundai and Daewoo. As and when market conditions permit, we intend to continue to prudently grow our fleet over the long term, in addition to the acquisition of the 19 newbuildings currently scheduled for delivery between July 2014 and January 2016. The expansion of our fleet could impose significant additional responsibilities on our management and staff, and may necessitate that we, and they, increase the number of personnel. In the future, we may not be able to identify suitable vessels, acquire vessels on advantageous terms or obtain financing for such acquisitions. Any future growth will depend on:

- locating and acquiring suitable vessels;
- identifying and completing acquisitions or joint ventures;
- integrating any acquired LPG carriers or businesses successfully with our existing operations;
- hiring, training and retaining qualified personnel and crew to manage and operate our growing business and fleet;
- expanding our customer base; and
- obtaining required financing.

Growing a business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired vessels into existing infrastructures. The expansion of our fleet may impose significant additional responsibilities on our management and staff, including the management and staff of our commercial and technical managers that we will bring in-house prior to the end of the second calendar quarter of 2014, and may necessitate that we increase the number of personnel. We may not be successful in executing our growth initiatives and we may incur significant expenses and losses in connection therewith.

***As our fleet grows in size, we will need to improve our operations and financial systems and recruit additional staff and crew; if we cannot improve these systems or recruit suitable employees, our business and results of operations may be adversely affected.***

We are in the process of significantly expanding our fleet, and as a consequence of this, we will have to invest considerable sums in upgrading our operating and financial systems. In addition, we will have to recruit well-qualified seafarers and shoreside administrative and management personnel. We may not be able to hire suitable employees to the extent we continue to expand our fleet. Our vessels require a technically skilled staff with specialized training. If our crewing agents are unable to employ such technically skilled staff, they may not be able to adequately staff our vessels. If we are unable to operate our financial and operations systems effectively or we are unable to recruit suitable employees as we expand our fleet, our results of operation and our ability to expand our fleet may be adversely affected.

***We may be unable to attract and retain key management personnel and other employees in the shipping industry without incurring substantial expense as a result of rising crew costs, which may negatively affect the effectiveness of our management and our results of operations.***

The successful development and performance of our business depends on our ability to attract and retain skilled professionals with appropriate experience and expertise. Any loss of the services of any of the senior management or key personnel could have a material adverse effect on our business and operations. Obtaining time charters with leading industry participants depends on a number of factors, including the ability to man vessels with suitably experienced, high-quality masters, officers and crews. In recent years, the limited supply of and increased demand for well-qualified crew has created upward pressure on crewing costs, which we generally bear under our time and spot charters. Increases in crew costs and other vessel operating costs such as insurance, repairs and maintenance, and lubricants may adversely affect our profitability. In addition, if we cannot retain sufficient numbers of quality on-board seafaring personnel, our fleet utilization will decrease, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Our directors and officers may in the future hold direct or indirect interests in companies that compete with us.***

Our directors and officers each have a history of involvement in the shipping industry and may, in the future, directly or indirectly, hold investments in companies that compete with us. In that case, they may face conflicts between their own interests and their obligations to us.

***Our business and operations involve inherent operating risks, and our insurance and indemnities from our customers may not be adequate to cover potential losses from our operations.***

Our vessels are subject to a variety of operational risks caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy, or other circumstances or events. We procure hull and machinery insurance, protection and indemnity insurance, which includes environmental damage and pollution insurance coverage, and war risk insurance for our fleet. While we endeavor to be adequately insured against all known risks related to the operation of our ships, there remains the possibility that a liability may not be adequately covered and we may not be able to obtain adequate insurance coverage for our fleet in the future. The insurers may also not pay particular claims. Even if our insurance coverage is adequate, we may not be able to timely obtain a replacement vessel in the event of a loss. There can be no assurance that such insurance coverage will remain available at economic rates. Furthermore, such insurance coverage will contain deductibles, limitations and exclusions, which are standard in the shipping industry and may increase our costs or lower our revenue if applied in respect of any claim.

***We may incur substantial costs for the drydocking or replacement of our vessels as they age.***

The drydocking of our vessels requires significant capital expenditures and loss of revenue while our vessels are off-hire. Any significant increase in the number of days of off-hire due to such drydocking or in the costs of any repairs could have a material adverse effect on our business, results of operations, cash flows and financial condition. Although we do not anticipate that more than one vessel will be out of service at any given time, we may underestimate the time required to drydock our vessels, or unanticipated problems may arise.

In addition, although almost all of our VLGCs are newbuildings or were built within the past seven years, we estimate that our vessels have a useful life of 25 years. As our vessels become older or if we acquire older secondhand vessels, we may have to replace such vessels upon the expiration of their useful lives. Unless we maintain reserves or are able to borrow or raise funds for vessel replacement, we will be unable to replace such older vessels. The inability to replace the vessels in our fleet upon the expiration of their useful lives could have a material adverse effect on our business, results of operations, cash flows and financial condition. Any reserves set aside for vessel replacement will not be available for the payment of dividends to shareholders.

***Following the completion of this offering, Scorpio Tankers, Dorian Holdings and SeaDor Holdings will continue to control a substantial ownership stake in us and their interests could conflict with the interests of our other shareholders.***

Following the completion of this offering, Scorpio Tankers, Dorian Holdings and SeaDor Holdings will own approximately %, % and % of our outstanding common shares, respectively. As a result of this substantial ownership interest, they currently have the ability to exert significant influence over certain actions requiring shareholders' approval, including, increasing or decreasing the authorized share capital, the election of directors, declaration of dividends, the appointment of management, and other policy decisions. While transactions with Scorpio Tankers, Dorian Holdings and SeaDor Holdings could benefit us, their interests could at times conflict with the interests of our other shareholders. Conflicts of interest may arise between us and Scorpio Tankers, Dorian Holdings and SeaDor Holdings or their affiliates, which may result in the conclusion of transactions on terms not determined by market forces. Any such conflicts of interest could adversely affect our business, financial condition and results of operations, and the trading price of our common shares.

***United States tax authorities could treat us as a “passive foreign investment company,” which could have adverse United States federal income tax consequences to United States holders.***

A foreign corporation will be treated as a “passive foreign investment company,” (“PFIC”) for United States federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of “passive income” or (2) at least 50% of the average value of the corporation’s assets produce or are held for the production of “passive income.” For purposes of these tests, “passive income” generally includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services generally does not constitute “passive income.” United States shareholders of a PFIC are subject to an adverse United States federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

There is a risk that we will be treated as a PFIC for our initial taxable year 2014 and our 2015 taxable year. Whether we are treated as a PFIC for either year will depend, in part, upon whether our newbuilding contracts and the deposits made thereon are treated as assets held for the production of “passive income” and the average value of our assets treated as held for the production of “passive” income during such year.

Thereafter, whether we will be treated as a PFIC will depend upon the nature and extent of our operations. In this regard, we intend to treat the gross income we derive from our voyage and time chartering activities should constitute services income, rather than rental income. Accordingly, such income should not constitute passive income, and the assets that we own and operate in connection with the production of such income, in particular, our vessels, should not constitute passive assets for purposes of determining whether we are a PFIC. There is substantial legal authority supporting this position consisting of case law and the United States Internal Revenue Service (the “IRS”), pronouncements concerning the characterization of income derived from time charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

For any taxable year in which we are, or were to be treated as, a PFIC, United States shareholders would face adverse United States federal income tax consequences. Under the PFIC rules, unless a shareholder makes an election available under the U.S. Internal Revenue Code of 1986, as amended (the “Code”), (which election could itself have adverse consequences for such shareholders, as discussed below under “Tax Considerations—United States Federal Income Tax Considerations—United States Federal Income Taxation of United States Holders”), excess distributions and any gain from the disposition of such shareholder’s common shares would be allocated ratably over the shareholder’s holding period of the common shares and the amounts allocated to the taxable year of the excess distribution or sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed with respect to such tax. See “Tax Considerations—United States Federal Income Tax Considerations—United States Federal Income Taxation of United States Holders” for a more comprehensive discussion of the United States federal income tax consequences to United States shareholders if we are treated as a PFIC.

***We may have to pay tax on United States source shipping income, which would reduce our earnings.***

Under the Code, 50% of the gross shipping income of a corporation that owns or charters vessels, as we and our subsidiaries do, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4%, or an effective 2%, United States federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations promulgated thereunder.

Prior to this offering, we do not believe that we were able to qualify for exemption under Section 883 and as a consequence, our gross United States source shipping income for our first short fiscal year ending March 31, 2014, derived from two vessel voyages transporting cargo from Houston to ports in Brazil, which we estimate to be approximately \$1,050,332, is subject to a 4% gross basis tax (without allowance for deductions) equal to approximately \$42,013.

After this offering, we anticipate that we will qualify for exemption under Section 883 based on the Publicly-Traded Test but, as discussed below, this is a factual determination made on an annual basis.

*Publicly-Traded Test*

After this offering, we and our subsidiaries intend to take the position that we qualify for exemption under Section 883 of the Code for United States federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption after the offering and thereby become subject to United States federal income tax on our United States source shipping income. For example, we would no longer qualify for exemption under Section 883 of the Code for a particular taxable year if certain “non-qualified” shareholders with a 5% or greater interest in our common shares owned, in the aggregate, 50% or more of our outstanding common shares for more than half the days during the taxable year. Due to the factual nature of the issues involved, there can be no assurances on that we or any of our subsidiaries will qualify for exemption under Section 883 of the Code.

If we or our subsidiaries were not entitled to exemption under Section 883 of the Code for any taxable year based on our failure to satisfy the publicly-traded test, we or our subsidiaries would be subject for such year to an effective 2% United States federal income tax on the gross shipping income we or our subsidiaries derive during the year that is attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would decrease our earnings available for distribution to our shareholders.

***We will be a “foreign private issuer” under the NYSE rules, and as such we are entitled to exemption from certain of the NYSE’s corporate governance standards applicable to domestic companies, and you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE’s corporate governance requirements.***

After the consummation of this offering, we will be a “foreign private issuer” under the securities laws of the United States and the rules of the NYSE. Under the securities laws of the United States, “foreign private issuers” are subject to different disclosure requirements than U.S. domiciled registrants, as well as different financial reporting requirements. Under the NYSE’s rules, a “foreign private issuer” is subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of the NYSE permit a “foreign private issuer” to follow its home country practice in lieu of the listing requirements of the NYSE. For a description of our expected corporate governance practices, please see “Management—Corporate Governance Practices.” Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE’s corporate governance requirements.

***Because the Public Company Accounting Oversight Board is not currently permitted to inspect our independent accounting firm, you may not benefit from such inspections.***

Auditors of U.S. public companies are required by law to undergo periodic Public Company Accounting Oversight Board (“PCAOB”), inspections that assess their compliance with U.S. law and professional standards in connection with performance of audits of financial statements filed with the SEC. Certain European Union countries, including Greece, do not currently permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries, even if they are part of major international firms. The PCAOB did conduct inspections in Greece in 2008 and evaluated our auditor’s performance of audits of SEC registrants and our auditor’s quality controls. The PCAOB issued its report which can be found on the PCAOB website. Currently however the PCAOB is unable to conduct inspections in Greece until such time as a cooperation agreement between the PCAOB and the Greek Accounting & Auditing Standards Oversight Board (AAOB) is reached. Accordingly, unlike for most U.S. public companies, should the PCAOB again wish to conduct an inspection it is currently prevented from evaluating our auditor’s performance of audits and its quality control procedures, and, unlike shareholders of most U.S. public companies, our shareholders would be deprived of the possible benefits of such inspections.

***We are exposed to volatility in the London Interbank Offered Rate (“LIBOR”), and we have and we intend to selectively enter into derivative contracts, which can result in higher than market interest rates and charges against our income .***

The amounts outstanding under our senior secured credit facility have been, and we expect borrowings under additional credit facilities we will seek to enter into will generally be, advanced at a floating rate based on LIBOR, which has been stable, but was volatile in prior years, which can affect the amount of interest payable on our debt, and which, in turn, could have an adverse effect on our earnings and cash flow. In addition, in recent years, LIBOR has been at relatively low levels, and may rise in the future as the current low interest rate environment comes to an end. Our financial condition could be materially adversely affected at any time that we have not entered into interest rate hedging arrangements to hedge our exposure to the interest rates applicable to our credit facilities and any other financing arrangements we may enter into in the future, including those we enter into to finance a portion of the amounts payable with respect to newbuildings. Moreover, even if we have entered into interest rate swaps or other derivative instruments for purposes of managing our interest rate exposure, our hedging strategies may not be effective and we may incur substantial losses.

We have entered into and may selectively in the future enter into derivative contracts to hedge our overall exposure to interest rate risk exposure. Our Predecessor has incurred substantial losses under such contracts. Entering into swaps and derivatives transactions is inherently risky and presents various possibilities for incurring significant expenses. The derivatives strategies that we

employ in the future may not be successful or effective, and we could, as a result, incur substantial additional interest costs. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a description of our interest rate swap arrangements.

***If we purchase and operate secondhand vessels, we will be exposed to increased operating costs which could adversely affect our earnings and, as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.***

We may acquire secondhand vessels in the future, and while we typically inspect secondhand vessels prior to purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. A secondhand vessel may have conditions or defects that we were not aware of when we bought the vessel and which may require us to incur costly repairs to the vessel. These repairs may require us to put a vessel into drydock which would reduce our fleet utilization.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to secondhand vessels and may restrict the type of activities in which the vessels may engage. As vessels age, market conditions may not justify those expenditures or enable us to operate those vessels profitably during the remainder of their useful lives.

### **Risks Relating to our Industry**

***The cyclical nature of the demand for LPG transportation may lead to significant changes in our chartering and vessel utilization, which may adversely affect our revenues, profitability and financial position.***

Historically, the international LPG carrier market has been cyclical with attendant volatility in profitability, charter rates and vessel values. The degree of charter rate volatility among different types of gas carriers has varied widely. Because many factors influencing the supply of, and demand for, vessel capacity are unpredictable, the timing, direction and degree of changes in the international gas carrier market are also not predictable. If charter rates decline, our earnings may decrease, particularly with respect to *Captain John NP*, our vessel deployed in the spot market, but will also apply to our other vessels whose charters will be subject to renewal during 2014, as they may not be extended or renewed on favorable terms when compared to the terms of the expiring charters. In addition, we expect to take delivery of three newbuilding VLGCs in 2014, 14 newbuilding VLGCs in 2015 and two newbuilding VLGCs in 2016 for which we have not yet arranged employment. Any of the foregoing factors could have an adverse effect on our revenues, profitability, liquidity, cash flow and financial position.

Future growth in the demand for LPG carriers and charter rates will depend on economic growth in the world economy and demand for LPG product transportation that exceeds the capacity of the growing worldwide LPG carrier fleet’s ability to match it. We believe that the future growth in demand for LPG carriers and the charter rate levels for LPG carriers will depend primarily upon the supply and demand for LPG, particularly in the economies of China, India, Japan and Southeast Asia, in the U.S. and upon seasonal and regional changes in demand and changes to the capacity of the world fleet. The capacity of the world shipping fleet appears likely to increase in the near term. Economic growth may be limited in the near term, and possibly for an extended period, as a result of the current global economic conditions, which could have an adverse effect on our business and results of operations.

The factors affecting the supply and demand for LPG carriers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for our vessels include:

- supply and demand for LPG products;
- worldwide production of natural gas;
- global and regional economic conditions;
- the distance LPG products are to be moved by sea;
- availability of competing LPG vessels;

- availability of alternative transportation means;
- changes in seaborne and other transportation patterns;
- development and exploitation of alternative fuels and non-conventional hydrocarbon production;
- governmental regulations, including environmental or restrictions on offshore transportation of natural gas;
- local and international political, economical and weather conditions;
- domestic and foreign tax policies;
- accidents, severe weather, natural disasters and other similar incidents relating to the natural gas industry; and
- weather.

The factors that influence the supply of vessel capacity include:

- the number of newbuilding deliveries;
- the scrapping rate of older vessels;
- LPG vessel prices;
- changes in environmental and other regulations that may limit the useful lives of vessels; and
- the number of vessels that are out of service.

A significant decline in demand for the seaborne transport of LPG or a significant increase in the supply of LPG vessel capacity without a corresponding growth in LPG vessel demand could cause a significant decline in prevailing charter rates, which could materially adversely affect our financial condition and operating results and cash flow.

***If the demand for LPG products and LPG shipping does not grow, or decreases, our business, results of operations and financial condition could be adversely affected.***

Our growth depends on growth in the supply and demand for LPG products and LPG shipping, which was adversely affected by the sharp decrease in world trade and the global economy experienced in the latter part of 2008 and in 2009. Although the global economy has recovered somewhat, it remains relatively weak and world and regional demand for LPG products and LPG shipping can be adversely affected by a number of factors, such as:

- adverse global or regional economic or political conditions, particularly in LPG consuming regions, which could reduce energy consumption;
- a reduction in global or general industrial activity specifically in the plastics and chemical industries;
- increases in the cost of petroleum and natural gas from which LPG is derived;
- decreases in the consumption of LPG or natural gas due to availability of new, alternative energy sources or increases in the price of LPG or natural gas relative to other energy sources or other factors making consumption of LPG or natural gas less attractive; and
- increases in pipelines for LPG, which are currently few in number, linking production areas and industrial and residential areas consuming LPG, or the conversion of existing non-petroleum gas pipelines to petroleum gas pipelines in those markets.

Reduced demand for LPG products and LPG shipping would have an adverse effect on our future growth and would harm our business, results of operations and financial condition.

***Our revenues, operations and future growth could be adversely affected by a decrease in the supply or demand of LPG or natural gas.***

In recent years, there has been a strong supply of natural gas and an increase in the construction of plants and projects involving natural gas, of which LPG is a byproduct. Several of these projects, however, have experienced delays in their completion for various reasons and thus the expected increase in the supply of LPG from these projects may be delayed significantly. If the supply of natural gas decreases, we may see a concurrent reduction in the production of LPG and resulting lesser demand and lower charter rates for our vessels, which could ultimately have a material adverse impact on our revenues, operations and future growth. Additionally, changes in environmental or other legislation establishing additional regulation or restrictions on LPG production and transportation, including the adoption of climate change legislation or regulations, or legislation in the United States placing additional regulation or restrictions on LPG production from shale gas could result in reduced demand for LPG shipping.

***Various economic factors could materially adversely affect our business, financial position and results of operations, as well as our future prospects.***

The global economy and the volume of world trade have remained relatively weak since the severe decline in the latter part of 2008 and in 2009. Recovery of the global economy is proceeding at varying speeds across regions and remains subject to downside risks, including fragility of advanced economies and concerns over sovereign debt defaults by European Union member countries such as Greece. More specifically, some LPG products we carry are used in cyclical businesses, such as the manufacturing of plastics and in the chemical industry, that were adversely affected by the recent economic downturn and, accordingly, continued weakness and reduction in demand in those industries could adversely affect the LPG carrier industry. In particular, an adverse change in economic conditions affecting China, India, Japan or Southeast Asia generally could have a negative effect on the demand for LPG products, thereby adversely affecting our business, financial position and results of operations, as well as our future prospects. In particular, in recent years China and India have been among the world's fastest growing economies in terms of gross domestic product. Moreover, any further deterioration in the economy of the United States or the European Union, including due to the European sovereign debt and banking crisis, may further adversely affect economic growth in Asia. Our business, financial position and results of operations, as well as our future prospects, could likely be materially and adversely affected by adverse economic conditions in any of these countries or regions.

***The state of global financial markets and current economic conditions may adversely impact our ability to obtain financing or refinance our future credit facilities on acceptable terms, which may hinder or prevent us from operating or expanding our business.***

Global economic conditions and financial markets have been severely disrupted and volatile in recent years. Credit markets and the debt and equity capital markets were exceedingly distressed in 2008 and 2009, and have been volatile since that time. The current sovereign debt crisis in countries such as Greece, for example, and concerns over debt levels of certain other European Union member states and in other countries around the world, as well as concerns about international banks, have led to increased volatility in global credit and equity markets. These issues, along with the re-pricing of credit risk and the difficulties experienced by financial institutions, have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets and higher capital requirements, many lenders have increased margins on lending rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or refused to refinance existing debt on terms similar to our current debt or at all. Furthermore, certain banks that have historically been significant lenders to the shipping industry reduced or ceased lending activities in the shipping industry. New banking regulations, including tightening of capital requirements and the resulting policies adopted by lenders, could further reduce lending activities. We may experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under our credit facilities committed in the future or refinance our credit facilities when our current facilities mature if our lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. We cannot be certain that financing will be available on acceptable terms or at all. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

In addition, as a result of the ongoing economic turmoil in Greece resulting from the sovereign debt crisis and the related austerity measures implemented by the Greek government, our operations in Greece may be subjected to new regulations that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Greek government new taxes or other fees. We also face the risk that strikes, work stoppages, civil unrest and violence within Greece may disrupt our shoreside operations and those of our managers located in Greece.

***Our operating results are subject to seasonal fluctuations, which could affect our operating results and the amount of available cash with which we can pay dividends.***

We operate our LPG carriers in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter-to-quarter volatility in our operating results, which could affect the amount of dividends that we may pay to our shareholders from quarter-to-quarter. The LPG carrier market is typically stronger in the spring and summer months in anticipation of increased consumption of propane and butane for heating during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, our revenues may be stronger in fiscal quarters ended June 30 and September 30, and conversely, our revenues may be weaker during the fiscal quarters ended December 31 and March 31. This seasonality could materially affect our quarterly operating results.

***An over-supply of ships may lead to a reduction in charter rates, vessel values and profitability.***

The market supply of LPG carriers is affected by a number of factors, such as supply and demand for LPG, natural gas and other energy resources, including oil and petroleum products, supply and demand for seaborne transportation of such energy resources, and the current and expected purchase orders for newbuildings. If the capacity of new LPG carriers delivered exceeds the capacity of such vessel types being scrapped and converted to non-trading vessels, global fleet capacity will increase. If the supply of LPG carrier capacity increases, particularly VLGCs, the segment on which we focus, and if the demand for the capacity of such vessel types decreases or does not increase correspondingly, charter rates could materially decline. A reduction in charter rates and the value of our vessels may have a material adverse effect on our results of operations.

***The market values of our vessels may fluctuate significantly. When the market values of our vessels are low, we may incur a loss on sale of a vessel or record an impairment charge, which may adversely affect our earnings and possibly lead to defaults under our loan agreements.***

Vessel values are both cyclical and volatile, and may fluctuate due to a number of different factors, including general economic and market conditions affecting the shipping industry; sophistication and condition of the vessels; types and sizes of vessels; competition from other shipping companies; the availability of other modes of transportation; increases in the supply of vessel capacity; charter rates; the cost and delivery of newbuildings; governmental or other regulations; supply and demand for LPG products; prevailing freight rates; and the need to upgrade secondhand and previously owned vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise. In addition, as vessels grow older, they generally decline in value.

Due to the cyclical nature of the market, if for any reason we sell any of our owned vessels at a time when prices are depressed and before we have recorded an impairment adjustment to our financial statements, the sale may be for less than the vessel's carrying value in our financial statements, resulting in a loss and reduction in earnings. Furthermore, if vessel values experience significant declines, we may have to record an impairment adjustment in our financial statements, which could adversely affect our financial results. If the market value of our fleet declines, we may not be in compliance with certain provisions of our existing loan agreement or future loan agreements and we may not be able to refinance our debt or obtain additional financing or pay dividends, if any. If we are unable to pledge additional collateral, our lenders could accelerate our debt and foreclose on our fleet. The loss of our vessels would mean we could not run our business.

***Future technological innovation could reduce our charterhire income and the value of our vessels.***

The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. We believe that our fleet will, upon delivery of our committed newbuildings, be among the youngest and most eco-friendly fleet of all our competitors. However, if new LPG carriers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charterhire payments we receive for our vessels and the resale value of our vessels could significantly decrease. As a result, our results of operations and financial condition could be adversely affected.

***Changes in fuel, or bunker, prices may adversely affect profits.***

While we do not bear the cost of fuel or bunkers under time and bareboat charters, fuel is a significant expense in our shipping operations when vessels are deployed under spot charters. Changes in the price of fuel may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce profitability.

***We are subject to regulation and liability, including environmental laws, which could require significant expenditures and adversely affect our financial conditions and results of operations.***

Our business and the operation of our vessels are subject to complex laws and regulations and materially affected by government regulation, including environmental regulations in the form of international conventions and national, state and local laws and regulations in force in the jurisdictions in which the vessels operate, as well as in the country or countries in which the vessels operate, as well as in the country or countries of their registration.

These regulations include, but are not limited to the U.S. Oil Pollution Act of 1990, or OPA90, that establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills and applies to any discharges of oil from a vessel, including discharges of fuel oil (bunkers) and lubricants, the U.S. Clean Air Act, U.S. Clean Water Act and the U.S. Marine Transportation Security Act of 2002, and regulations of the International Maritime Organization, or the IMO, including the International Convention for the Prevention of Pollution from Ships of 1975, the International Convention for the Prevention of Marine Pollution of 1973, and the International Convention for the Safety of Life at Sea of 1974. To comply with these and other regulations we may be required to incur additional costs to modify our vessels, meet new operating maintenance and inspection requirements, develop contingency plans for potential spills, and obtain insurance coverage. We are also required by various governmental and quasi-governmental agencies to obtain permits, licenses, certificates and financial assurances with respect to our operations. These permits, licenses, certificates and financial assurances may be issued or renewed with terms that could materially and adversely affect our operations. Because these laws and regulations are often revised, we cannot predict the ultimate cost of complying with them or the impact they may have on the resale prices or useful lives of our vessels. However, a failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Additional laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which could materially adversely affect our operations. For example, a future serious incident, such as the April 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico may result in new regulatory initiatives.

The operation of our vessels is affected by the requirements set forth in the International Management Code for the Safe Operation of Ships and Pollution Prevention (“ISM Code”). The ISM Code requires ship owners and bareboat charterers to develop and maintain an extensive “Safety Management System” (“SMS”) that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a ship owner or bareboat charterer to comply with the ISM Code may subject the owner or charterer to increased liability, may decrease available insurance coverage for the affected vessels, or may result in a denial of access to, or detention in, certain ports. In our case, non-compliance with the ISM Code may result in breach of our bank covenants. Currently, each of the vessels in our fleet is ISM Code-certified. Because these certifications are critical to our business, we place a high priority on maintaining them. Nonetheless, there is the possibility that such certifications may not be renewed.

We currently maintain, for each of our vessels, pollution liability insurance coverage in the amount of \$1.0 billion per incident. In addition, we carry hull and machinery and protection and indemnity insurance to cover the risks of fire and explosion. Under certain circumstances, fire and explosion could result in a catastrophic loss. We believe that our present insurance coverage is adequate, but not all risks can be insured, and there is the possibility that any specific claim may not be paid, or that we will not always be able to obtain adequate insurance coverage at reasonable rates. If the damages from a catastrophic spill exceeded our insurance coverage, the effect on our business would be severe and could possibly result in our insolvency.

We believe that regulation of the shipping industry will continue to become more stringent and compliance with such new regulations will be more expensive for us and our competitors. Substantial violations of applicable requirements or a catastrophic release from one of our vessels could have a material adverse impact on our financial condition and results of operations.

***Our vessels are subject to periodic inspections by a classification society.***

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention. Our VLGCs are currently classed with Lloyd’s Register, and the *Grendon* is currently classed with Nippon Kaiji Kyokai. We expect that our newbuildings will be classed with Lloyd’s Register, American Bureau of Shipping and Det Norske Veritas.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel’s machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel. However, for vessels not exceeding 15 years that have means to facilitate underwater inspection in lieu of drydocking the drydocking can be skipped and be conducted concurrently with the special survey.

If a vessel does not maintain its class and/or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable and we could be in violation of covenants in our loan agreements and insurance contracts or other financing arrangements. This would adversely impact our operations and revenues.

***Maritime claimants could arrest our vessels, which could interrupt our cash flow.***

Crew members, suppliers of goods and services to a vessel, shippers of cargo and others may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted.

In addition, in some jurisdictions, such as South Africa, under the “sister ship” theory of liability, a claimant may arrest both the vessel which is subject to the claimant’s maritime lien and any “associated” vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert “sister ship” liability against one vessel in our fleet for claims relating to another of our ships or, possibly, another vessel managed by one of our major shareholders, Scorpio Tankers, SeaDor Holdings or Dorian Holdings or entities affiliated with them.

***Governments could requisition our vessels during a period of war or emergency, resulting in loss of revenues.***

The government of a vessel’s registry could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Risks involved with operating ocean-going vessels could affect our business and reputation, which would adversely affect our revenues and share price.***

The operations of our vessels are subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, explosions, piracy and terrorism, loss of life, cargo and property losses or damage. Damage to the environment could also result from our operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. We could be exposed to substantial liabilities, i.e. pollution and environmental liabilities, not recoverable under our insurances. Our vessel operations may also be suspended because of machinery breakdowns, human error, war, political action in various countries, labor strikes, abnormal weather conditions etc., all of which could adversely affect our financial condition, results of operations and cash flows. The involvement of our vessels in a serious accident could harm our reputation as a safe and reliable vessel operator and lead to a loss of business.

***We may be subject to litigation that could have an adverse effect on our business and financial condition.***

We are currently not involved in any litigation matters that are expected to have a material adverse effect on our business or financial condition. Nevertheless, we anticipate that we could be involved in litigation matters from time to time in the future. The operating hazards inherent in our business expose us to litigation, including personal injury litigation, environmental litigation, contractual litigation with clients, intellectual property litigation, tax or securities litigation, and maritime lawsuits including the possible arrest of our vessels. We cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have an adverse effect on our business, financial position, results of operations and our ability to pay dividends, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management’s attention to these matters.

***Our vessels may suffer damage and we may face unexpected repair costs, which could affect our cash flow and financial condition.***

If our vessels suffer damage, they may need to be repaired at a shipyard facility. The costs of repairs are unpredictable and can be substantial. We may have to pay repair costs that our insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, would have an adverse effect on our cash flow and financial condition. We do not intend to carry business interruption insurance.

***Acts of piracy on ocean-going vessels could adversely affect our business.***

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea and in the Gulf of Aden off the coast of Somalia. Since 2008, the frequency of piracy incidents increased significantly and remains high,

particularly in the Gulf of Aden off the coast of Somalia. For example, in October 2010, Somali pirates captured the York, an LPG carrier, which is not affiliated with us, off the coast of Kenya. The vessel was released after a ransom was paid in March 2011. If these piracy attacks occur in regions in which our vessels are deployed and are characterized by insurers as “war risk” zones, as the Gulf of Aden continues to be, or Joint War Committee (JWC) “war and strikes” listed areas, premiums payable for such coverage, for which we are responsible with respect to vessels employed on spot charters, but not vessels employed on bareboat or time charters, could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

***Our operations outside the United States expose us to global risks, such as political conflict and terrorism, that may interfere with the operation of our vessels and could have a material adverse impact on our operating results, revenues and costs.***

We are an international company and primarily conduct our operations outside the United States. Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered affect us. In the past, political conflicts, particularly in the Arabian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. For example, in October 2002, the vessel Limburg (which is not affiliated with our Company) was attacked by terrorists in Yemen. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on September 11, 2001 and more recent attacks in other parts of the world, and the military response of the United States and other nations, including the conflict in Iraq, the likelihood of future acts of terrorism may increase, and our vessels may face higher risks of being attacked. In addition, future hostilities or other political instability in regions where our vessels trade could affect our trade patterns and adversely affect our operations and performance. Hostilities in or closure of major waterways in the Middle East could adversely affect the availability of and demand for crude oil and petroleum products, as well as LPG, and negatively affect our investment and our customers’ investment decisions over an extended period of time. In addition, sanctions against oil exporting countries such as Iran, Sudan and Syria may also impact the availability of crude oil, petroleum products and LPG and which would increase the availability of applicable vessels thereby impacting negatively charter rates. Further, instability on the Korean peninsula could adversely affect our VLGC Newbuilding Program, which consists of contracts with South Korean shipyards.

Terrorist attacks, or the perception that LPG or natural gas facilities or oil refineries and LPG carriers are potential terrorist targets, could materially and adversely affect the continued supply of LPG. Concern that LPG and natural gas facilities may be targeted for attack by terrorists has contributed to a significant community and environmental resistance to the construction of a number of natural gas facilities, primarily in North America. If a terrorist incident involving a gas facility or gas carrier did occur, the incident may adversely affect necessary LPG facilities or natural gas facilities currently in operation. Furthermore, future terrorist attacks could result in increased volatility of the financial markets in the United States and globally and could result in an economic recession in the United States or the world. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

***Our vessels may call on ports located in countries that are subject to sanctions and embargoes imposed by the U.S. or other governments, which could adversely affect our reputation and the market for our common shares.***

Since January 1, 2010, none of our vessels has called on ports located in countries subject to sanctions and embargoes imposed by the United States government and countries identified by the United States government as state sponsors of terrorism, such as Cuba, Iran, Sudan, Syria and North Korea, although in the future our vessels may call on ports in these countries from time to time on our charterers’ instructions. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act (“CISADA”), which expanded the scope of the Iran Sanctions Act of 1996. Among other things, CISADA expands the application of the prohibitions involving Iran to include ships or shipping services by non-U.S. companies, such as our company, and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, in October 2012, President Obama issued an executive order implementing the Iran Threat Reduction and Syria Human Rights Act of 2012 (the “ITRA”) which extends the application of all U.S. laws and regulations relating to Iran to non-U.S. companies controlled by U.S. companies or persons as if they were themselves U.S. companies or persons, expands categories of sanctionable activities, adds additional forms of potential sanctions and imposes certain related reporting obligations with respect to activities of SEC registrants and their affiliates. The ITRA also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is controlling beneficial owner of, or otherwise owns, operates or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, controls, or insures the vessel, the

person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years. Finally, in January 2013, the U.S. enacted the Iran Freedom and Counter-Proliferation Act of 2012 (the "IFCPA") which expanded the scope of U.S. sanctions on any person that is part of Iran's energy, shipping or shipbuilding sector and operators of ports in Iran, and imposes penalties on any person who facilitates or otherwise knowingly provides significant financial, material or other support to these entities.

Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may vary or may be subject to changing interpretations and we may be unable to prevent our charterers from violating contractual and legal restrictions on their operations of the vessels. Any such violation could result in fines or other penalties for us and could result in some investors deciding, or being required, to divest their interest, or not to invest, in the Company. Additionally, some investors may decide to divest their interest, or not to invest, in the Company simply because we do business with companies that do business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. Investor perception of the value of our common shares may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

### **Risks Relating To Our Common Shares**

#### ***An active and liquid market for our common shares may not develop or be sustained.***

Prior to this offering, our common shares have traded only on the Norwegian OTC List and there has been no established trading market for our common shares in the United States. We will apply to list our common shares on the New York Stock Exchange. Active, liquid trading markets generally result in lower bid ask spreads and more efficient execution of buy and sell orders for market participants. If an active trading market for our common shares does not develop, the price of our common shares may be more volatile and it may be more difficult and time consuming to complete a transaction of common shares, which could have an adverse effect on the realized price of our common shares. We cannot predict the price at which our common shares will trade.

#### ***The price of our common shares may be highly volatile.***

The market price of the common shares may fluctuate significantly following this offering in response to many factors, such as actual or anticipated fluctuations in our operating results, changes in financial estimates by securities analysts, economic and regulatory trends, general market conditions, rumors and other factors, many of which are beyond our control. An adverse development in the market price for our common shares could also negatively affect our ability to issue new equity to fund our activities.

#### ***We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.***

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction.

#### ***We cannot assure you that our board of directors will declare dividends.***

While we have not paid any dividends since our inception in July 2013, our longer-term objective is to pay dividends in order to enhance shareholder returns. We will evaluate the potential level and timing of dividends as soon as profits and newbuilding capital expenditure requirements allow. However, the timing and amount of any dividend payments will always be subject to the discretion of our board of directors and will depend on, among other things, earnings, capital expenditure commitments, market prospects, current capital expenditure programs, investment opportunities, the provisions of Marshall Islands law affecting the payment of distributions to shareholders, and the terms and restrictions of our loan agreement and other future credit facilities. The international liquefied petroleum gas shipping industry is highly volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. Also, there may be a high degree of variability from period to period in the amount of cash that is available for the payment of dividends.

We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the risks described herein. Our growth strategy contemplates that we will finance our acquisitions of additional vessels through debt financings or the net proceeds of future equity issuances on terms acceptable to us. If financing is not available to us on acceptable terms, our board of directors may determine to finance or refinance acquisitions with cash from operations, which would reduce the amount of any cash available for the payment of dividends.

In general, under the terms of our credit facility and the additional credit facilities that we expect to enter into, we will not be permitted to pay dividends if there is a default or a breach of a loan covenant. Our subsidiaries that own the four vessels in our Initial Fleet and who are party to our existing secured term loan facility with the Royal Bank of Scotland are prohibited from paying dividends to us without the consent of the lender. Please see the section of this prospectus entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” for more information relating to restrictions on our ability to pay dividends under the terms of such credit facilities.

The Republic of Marshall Islands laws generally prohibit the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends and our subsidiaries may not have sufficient funds or surplus to make distributions to us. We can give no assurance that dividends will be paid at all.

***We may have to issue additional shares in the future, which could cause the market price of our common shares to decline.***

We may issue additional shares in the future in connection with, among other things, future vessel acquisitions or repayment of outstanding indebtedness, without shareholder approval, in a number of circumstances. Our issuance of additional shares would have the following effects: our existing shareholders’ proportionate ownership interest in us will decrease; the amount of cash available for dividends payable per share may decrease; the relative voting strength of each previously outstanding share may be diminished; and the market price of our shares may decline.

***A future sale of shares by major shareholders may reduce the share price.***

Upon consummation of our offering, certain of our existing shareholders will own \_\_\_\_\_ shares, or approximately \_\_\_\_\_%, of our outstanding common shares, which may be resold subject to the volume, manner of sale and notice requirements of Rule 144 under the Securities Act, as a result of their status as our “affiliates.” Furthermore, shares held by such existing shareholders will be subject to the underwriters’ \_\_\_\_\_ day lock-up agreement. However, after the lock-up period expires, these shareholders will be able to register all of the common shares owned by them pursuant to a registration rights agreement. We refer you to the discussion under the heading “Shares Eligible for Future Sale” in this prospectus. Sales or the possibility of sales of substantial amounts of our common shares by our existing shareholders in the public markets could adversely affect the market price of our common shares.

***Investors in this offering will suffer immediate and substantial dilution.***

The initial public offering price per common share will be substantially higher than our pro forma net tangible book value per share immediately after this offering. As a result, you will pay a price per common share that substantially exceeds the per share book value of our tangible assets after subtracting our liabilities. In addition, you will pay more for your common shares than the amounts paid by our existing shareholders. Based on an assumed offering price of \$ \_\_\_\_\_ per common share, you will incur immediate and substantial dilution in an amount of \$ \_\_\_\_\_ per common share. See “Dilution.”

***We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.***

We are a foreign private issuer, as such term is defined in Rule 405 under the Securities Act. However, under Rule 405, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on September 30, 2014.

In the future, we would lose our foreign private issuer status if a majority of our shareholders, directors or management are U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the compensation philosophy, objectives, annual total compensation (base salary,

bonus, equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F permits foreign private issuers to disclose compensation information on an aggregate basis. We would also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders would become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements on the NYSE that are available to foreign private issuers, including the exemption from the requirement that a majority of our board of directors satisfy the NYSE independence criteria, which may require us to appoint a number of additional independent directors.

***It may be difficult to enforce service of process and judgments against us and our officers and directors.***

We are a Republic of The Marshall Islands corporation and several of our executive offices are located outside of the United States. Some of our officers reside outside the United States. In addition, a substantial portion of our assets and the assets of our directors and officers are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in U.S. courts against us or any of these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws. Furthermore, there is substantial doubt that the courts of the Republic of The Marshall Islands or of the non-U.S. jurisdictions in which our offices are located would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws. It is further doubtful whether courts in the Marshall Islands will enforce judgments obtained in other jurisdictions, including the United States, against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in the Marshall Islands against us or our directors or officers under the securities laws of other jurisdictions.

***We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common shares less attractive to investors.***

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” as described under “Summary—Implications of Being an Emerging Growth Company.” We cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our share price may be more volatile.

In addition, under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we are an emerging growth company. For as long as we take advantage of the reduced reporting obligations, the information that we provide shareholders may be different from information provided by other public companies.

***Our costs of operating as a public company will be significant, and our management will be required to devote substantial time to complying with public company regulations.***

Upon completion of this offering, we will be a public company, and as such, we will have significant legal, accounting and other expenses in addition to our initial registration and listing expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, as well as rules subsequently implemented by the SEC and the New York Stock Exchange, have imposed various requirements on public companies, including changes in corporate governance practices, and these requirements may continue to evolve. We and our management personnel, and other personnel, if any, will need to devote a substantial amount of time to comply with these requirements. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. Sarbanes-Oxley requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, we need to perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of Sarbanes-Oxley, subject to the reduced disclosure requirements for emerging growth companies set forth above. Our compliance with Section 404 may require that we incur substantial accounting expenses and expend significant management efforts.

***Our organizational documents contain anti-takeover provisions.***

Several provisions of our articles of incorporation and our bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable. These provisions include:

- authorizing our board of directors to issue “blank check” preferred shares without shareholder approval;
- providing for a classified board of directors with staggered, three-year terms;
- authorizing the removal of directors only for cause; limiting the persons who may call special meetings of shareholders;
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings; and
- restricting business combinations with interested stockholders.

These anti-takeover provisions could substantially impede the ability of our shareholders to benefit from a change in control and, as a result, may reduce the market price of our common shares and shareholders’ ability to realize any potential change of control premium.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$       million from this offering assuming the underwriters' over-allotment option is not exercised, and approximately \$       million if the underwriters' over-allotment option is exercised in full, in each case after deducting underwriting discounts and commissions and estimated expenses payable by us. These estimates are based on an assumed initial public offering price of \$       per share, which is the mid-point of the range on the cover of this prospectus.

We intend to use the net proceeds of this offering as follows:

- \$       to partly finance the construction of 19 vessels in our VLGC Newbuilding Program; and
- \$       for general corporate purposes and working capital.

Installment payments made by us or through acquisitions total \$266.7 million under our VLGC Newbuilding Program and our remaining contractual commitments total approximately \$1.2 billion, as of March 27, 2014. Although we can provide no assurance that we will be successful in obtaining financing at all or on satisfactory terms, in addition to the net proceeds of this offering, we plan to finance the estimated remaining project costs for the vessels in our VLGC Newbuilding Program with cash on hand and borrowings in an estimated amount of approximately \$750 million under new credit facilities we will seek to arrange.

A \$1.00 increase or decrease in the assumed initial public offering price of \$       per common share would cause the net proceeds from this offering, after deducting the estimated underwriting discount and commissions and offering expenses payable by us, to increase or decrease, respectively, by approximately \$       million. In addition, we may also increase or decrease the number of shares we are offering. Each increase of 1.0 million shares offered by us, together with a concomitant \$1.00 increase in the assumed public offering price to \$       per common share, would increase net proceeds to us from this offering by approximately \$       million. Similarly, each decrease of 1.0 million shares offered by us, together with a concomitant \$1.00 decrease in the assumed initial offering price to \$       per common share, would decrease the net proceeds to us from this offering by approximately \$       million.

## CASH AND CAPITALIZATION

The following unaudited table sets forth our (i) cash and cash equivalents and (ii) consolidated capitalization at December 31, 2013 on an:

- actual basis;
- as adjusted basis to give effect to the following transactions, which occurred during the period from January 1, 2014 to March 27, 2014:
  - \$3,527,500 in scheduled debt repayments under the terms of our secured loan agreement;
  - the issuance and sale on February 12, 2014 of 28,246,000 common shares with par value of \$0.01 per share in a private placement at NOK 22.00 per share or USD \$3.58 per share based on the exchange rate on February 12, 2014, resulting in net proceeds of approximately \$96.0 million, after deducting estimated expenses related to the offering for the underwriting discounts and commissions and other offering costs of \$4.0 million and foreign exchange loss of \$1.2 million, as the proceeds were paid in U.S. dollars;
- as further adjusted basis to give effect to the issuance and sale of our common shares offered hereby at an assumed price of \$      per share, the midpoint of the range on the cover of this prospectus, resulting in net proceeds of approximately \$      million, after deducting estimated expenses related to this offering of \$      million payable by us and the underwriting discounts and commissions of approximately \$      million.

Other than these adjustments, there has been no material change in our capitalization from debt or equity issuances, re-capitalizations or special dividends between December 31, 2013 and March 27, 2014.

The information set forth in the table assumes no exercise of the underwriters' over-allotment option and gives effect to a -for-reverse split of our common shares to be effected prior to the completion of this offering. You should read this capitalization table together with the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of December 31, 2013 (in U.S. dollars)		
	Actual	As Adjusted	As Further Adjusted
<b>CASH</b>			
Cash and cash equivalents (2)	\$ 290,952,503	\$ 383,395,906	
<b>CAPITALIZATION</b>			
<b>Debt</b>			
Secured debt(1)	\$ 132,246,000	\$ 128,718,500	
<b>Long-term and current debt</b>	<b>\$ 132,246,000</b>	<b>\$ 128,718,500</b>	
<b>Shareholders' Equity</b>			
Preferred stock, par value \$0.01 per share: 5,000,000 shares authorized, none issued and outstanding actual, as adjusted and as further adjusted	\$ —	\$ —	
Common stock, par value \$0.01 per share: 450,000,000 shares authorized; 213,579,149 shares issued and outstanding actual; 241,825,149 shares issued and outstanding as adjusted; shares issued and outstanding as further adjusted (3)	2,135,791	2,418,251	
Additional paid-in capital	590,053,857	686,921,338	
Retained earnings	4,144,485	2,965,447	
<b>Total Shareholders' Equity</b>	<b>\$ 596,334,133</b>	<b>\$ 692,305,036</b>	
<b>Total Capitalization</b>	<b>\$ 728,580,133</b>	<b>\$ 821,023,536</b>	

(1) All of our outstanding debt is secured by our mortgaged vessels and guaranteed by the Company.

(2) Does not reflect advance deposits of \$104.2 million paid in connection with our newbuilding contracts for the period January 1, 2014 to March 27, 2014.

(3) Excludes shares to be reserved for issuance under our equity incentive plan that we expect to adopt prior to the completion of this offering.

### PER SHARE MARKET PRICE INFORMATION

Our common shares have traded on the Norwegian OTC List since July 30, 2013 under the symbol “DORIAN.” On April 14, 2014, the closing price of our common shares was 23.75 Norwegian Kroner (“NOK”) per share, which was equivalent to approximately \$3.98 per share based on the Bloomberg Composite Rate of NOK5.9654 per \$1.00 in effect on that date. We will apply to have our shares listed for trading on the New York Stock Exchange under the symbol “LPG.”

The following tables set forth the high and low prices and the average daily trading volume for our shares as reported on the Norwegian OTC List for the periods listed below. The following information gives effect to a one-for- reverse stock split of our common shares to be effected prior to the completion of this offering. Share prices are presented in Norwegian Kroner.

	Norwegian OTC List		
	High (NOK)	Low (NOK)	Average Daily Trading Volume
Third quarter 2013 (from July 30, 2013, the initial listing date, through December 31, 2013)	16.00	14.00	33,724
Fourth quarter 2013	23.00	15.00	122,447
First quarter 2014	25.50	21.25	74,799

	Norwegian OTC List		
	High (NOK)	Low (NOK)	Average Daily Trading Volume
October 2013	20.50	15.00	81,580
November 2013	21.00	20.00	43,647
December 2013	23.00	20.50	266,601
January 2014	25.50	22.80	95,114
February 2014	24.50	21.50	87,437
March 2014	21.75	21.25	41,480
April 2014 (through and including April 14, 2014)	23.75	21.50	289,001

## **DIVIDEND POLICY**

While we have not paid any dividends since our inception in July 2013, our longer-term objective is to pay dividends in order to enhance shareholder returns. We will evaluate the potential level and timing of dividends as soon as profits and newbuilding capital expenditure requirements allow. The timing and amount of any dividend payments will depend on, among other things, earnings, capital expenditure commitments, market prospects, current capital expenditure programs, investment opportunities, the provisions of Marshall Islands law affecting the payment of distributions to shareholders, and the terms and restrictions of our loan agreement and other future credit facilities.

In addition, since we are a holding company with no material assets other than the shares of our subsidiaries through which we conduct our operations, our ability to pay dividends will depend on our subsidiaries' distributing to us their earnings and cash flows. Our subsidiaries that own the four vessels in our Initial Fleet and who are party to our existing secured term loan facility with the Royal Bank of Scotland are prohibited from paying dividends to us without the consent of the lender. However, the loan facility permits the borrowers to make expenditures to fund the administration and operation of Dorian LPG Ltd.

Any future dividends declared will be at the discretion of our board of directors and will depend upon our financial condition, earnings and other factors, including the financial covenants contained in our loan agreements. Our ability to pay dividends is also subject to Marshall Islands law, which generally prohibits the payment of dividends other than from operating surplus or while a company is insolvent or would be rendered insolvent upon the payment of such dividend.

## DILUTION

As of December 31, 2013, we had net adjusted tangible book value of \$       million, or \$       per share, giving effect to a - for- reverse split of our common shares to be effected prior to the completion of this offering. After giving effect to the sale of       shares at an assumed initial offering price of \$       per share, the mid-point of the price range on the cover page of this prospectus, deducting the estimated underwriting discounts and commissions and estimated offering expenses, and assuming that the underwriters' over-allotment option is not exercised, the pro forma net adjusted tangible book value as of       would have been \$       million, or \$       per share. This represents an immediate dilution in net tangible book value of \$       per share to existing shareholders and an immediate accretion of net adjusted tangible book value of \$       per share to new investors. The following table illustrates the pro forma per share accretion and dilution as of December 31, 2013:

Assumed initial public offering price per share	\$
Net adjusted tangible book value per share	\$
Decrease in net adjusted tangible book value per share attributable to new investors in this offering	\$
Pro forma net adjusted tangible book value per share after giving effect to this offering	\$
Dilution per share to new investors	\$

Net tangible book value per common share is determined by dividing our tangible net worth, which consists of tangible assets less liabilities, by the number of shares outstanding. Dilution or accretion is the amount by which the offering price paid by the purchasers of our shares in this offering will differ from the net tangible book value per common share after the offering. Accretion per share to new investors would be \$       if the underwriters exercised their over-allotment option in full.

The following table summarizes, on a pro forma basis as of December 31, 2013, the differences between the number of shares acquired from us, the total amount paid and the average price per share paid by the existing holders of shares and by you in this offering.

	Pro Forma Shares Outstanding		Total Consideration		Average Price Per Share
	Number	Percentage	Amount	Percentage	
Existing investors					
New investors					
Total					

(Expressed in millions of U.S. dollars, except percentages and per share data)

## SELECTED FINANCIAL AND OPERATING DATA

*We were formed on July 1, 2013 by Dorian Holdings as a new LPG shipping company primarily focused on owning and operating VLGCs. Our fiscal year end is March 31.*

*On July 29, 2013, in connection with our formation, we entered into concurrent transactions in which we issued an aggregate of 93,221,621 common shares to Dorian Holdings, SeaDor Holdings and other investors, in exchange for the four vessels in our Initial Fleet, including our assumption of debt obligations associated with the vessels, contracts for the construction of three newbuilding VLGCs and options to acquire an additional three newbuilding VLGCs, and net proceeds of approximately \$162 million as described in Note 1 to the consolidated financial statements included herein. On November 26, 2013, we completed the acquisition of 13 VLGC newbuilding contracts, associated deposits to shipyards and cash from Scorpio Tankers, in return for 39,952,123 common shares, and we simultaneously completed a private placement in Norway of 80,405,405 of our common shares for net proceeds of approximately \$243 million. On February 12, 2014, we completed a private placement in Norway of 28,246,000 common shares as described in Note 21 to the consolidated financial statements included herein for net proceeds of approximately \$96 million.*

*All references to our common shares and per-share data included in the selected historical consolidated financial data below have been retrospectively adjusted to reflect the one-for- reverse stock split effective on , 2014. The consolidated financial statements of Dorian LPG Ltd. are presented as of December 31, 2013 and July 1, 2013 (inception) for the balance sheets and the results of operations, cash flows and statements of shareholders' equity are presented for the period July 1, 2013 (inception) to December 31, 2013. The consolidated financial statements for the period from inception to December 31, 2013 include the businesses and assets acquired in the transactions described above. The financial statements for the periods prior to July 29, 2013 represent the combined financial statements of the Predecessor Businesses.*

***THE PURCHASE METHOD OF ACCOUNTING WAS USED TO RECORD ASSETS ACQUIRED AND LIABILITIES ASSUMED BY THE COMPANY. SUCH ACCOUNTING GENERALLY RESULTS IN INCREASED AMORTIZATION AND DEPRECIATION REPORTED IN FUTURE PERIODS. ACCORDINGLY, THE ACCOMPANYING FINANCIAL STATEMENTS OF THE PREDECESSOR AND THE COMPANY ARE NOT COMPARABLE IN ALL MATERIAL RESPECTS SINCE THOSE FINANCIAL STATEMENTS REPORT FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS OF THESE TWO SEPARATE ENTITIES.***

The following table presents historical information as follows:

- The selected historical financial data as of and for the fiscal years ended March 31, 2013 and 2012 have been derived from the Predecessor Businesses' audited combined financial statements included elsewhere in this prospectus, and should be read together with and are qualified in its entirety by reference to such combined financial statements.
- The selected historical financial data as of December 31, 2013 and for the periods July 1, 2013 (inception) to December 31, 2013 have been derived from our unaudited consolidated financial statements and the notes thereto and the selected historical financial data for the period April 1, 2013 to July 28, 2013 and the period April 1, 2012 to December 31, 2012 have been derived from the Predecessor Businesses' unaudited combined financial statements and the notes thereto and, in our opinion, except as described below, have been prepared on a basis consistent with the audited financial statements and include all adjustments consisting of normal recurring adjustments, necessary for a fair presentation of this information.

The following table should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited consolidated financial statements and related notes thereto, the unaudited and audited combined financial statements and related notes thereto included elsewhere in this prospectus. The combined and consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are in U.S. dollars.

	Dorian LPG Ltd.	Predecessor Businesses of Dorian LPG Ltd.				
	Period July 1 (inception) To December 31, 2013	Period April 1, 2013 To July 28, 2013	Period April 1, 2012 To December 31, 2012		Years Ended March 31,	
					2013	2012
(in U.S. dollars, except fleet data)						
<b>Statement of Operations Data</b>						
Revenues	\$ 19,763,273	\$ 15,383,116	\$ 31,441,072	\$ 38,661,846	\$ 34,571,042	
Expenses						
Voyage expenses	4,637,596	3,623,872	6,879,105	8,751,257	2,075,698	
Voyage expenses-related party	—	198,360	411,336	505,926	448,683	
Vessel operating expenses	5,440,468	4,638,725	9,140,924	12,038,926	14,410,349	
Management fees-related party	1,997,356	601,202	1,368,000	1,824,000	1,824,000	
Depreciation and amortization	4,157,476	3,955,309	9,059,792	12,024,829	11,847,628	
General and administrative expenses	131,377	28,204	98,092	157,039	80,552	
Total expenses	16,364,273	13,045,672	26,957,249	35,301,977	30,686,910	
Operating income	3,399,000	2,337,444	4,483,823	3,359,869	3,884,132	
Other income/(expenses)						
Interest and finance cost	(1,204,172)	(762,815)	(2,005,339)	(2,568,985)	(2,415,855)	
Interest income	328,383	98	161	598	504	
(Loss)/Gain on derivative, net	(268,568)	2,830,205	(5,637,347)	(5,588,479)	(10,943,316)	
Foreign currency gain/(loss), net	1,889,842	(5)	(55,994)	(53,700)	2,215	
Total other income/(expenses), net	745,485	2,067,483	(7,698,519)	(8,210,566)	(13,356,452)	
Net income/(loss)	\$ 4,144,485	\$ 4,404,927	\$ (3,214,696)	\$ (4,850,697)	\$ (9,472,320)	
Earnings per common share, basic and diluted	\$ 0.03	—	—	—	—	
<b>Other Financial Data</b>						
Adjusted EBITDA(1)	\$ 9,774,701	\$ 6,292,846	\$ 13,487,782	\$ 15,331,596	\$ 15,734,479	
<b>Fleet Data</b>						
Calendar days	624	476	1,100	1,460	1,464	
Available days	604	476	1,087	1,447	1,421	
Operating days	600	449	1,018	1,359	1,405	
Fleet utilization	99.3%	94.3%	93.7%	93.9%	98.9%	
<b>Average Daily Results</b>						
Time charter equivalent rate	\$ 25,209	\$ 25,748	\$ 23,724	\$ 21,637	\$ 22,809	
Daily vessel operating expenses	\$ 8,719	\$ 9,745	\$ 8,310	\$ 8,246	\$ 9,843	

	Dorian LPG Ltd.	Predecessor Businesses of Dorian LPG Ltd.	
	As of December 31, 2013	As of March 31,	
		2013	2012
(in U.S. dollars)			
<b>Balance Sheet Data</b>			
Cash and cash equivalents	\$ 290,952,503	\$ 1,041,644	\$ 2,040,290
Restricted cash, current	30,927,602	—	—
Restricted cash, non-current	4,500,000	—	—
Total assets	750,576,656	194,447,604	203,943,273
Total liabilities	154,242,523	181,689,814	186,334,786
Total shareholders' / owners' equity	596,334,133	12,757,790	17,608,487

- (1) Adjusted EBITDA represents net income before interest and finance costs, loss/(gain) on derivatives and depreciation and amortization and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. This increased comparability is achieved by excluding the potentially disparate effects between periods, and depreciation and amortization expense, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including adjusted EBITDA as a financial and operating measure benefits investors in selecting between investing in us and other

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investment alternatives.

Adjusted EBITDA has certain limitations in use and should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. Adjusted EBITDA excludes some, but not all, items that affect net income. Adjusted EBITDA as presented below may not be computed consistently with similarly titled measures of other companies and, therefore might not be comparable with other companies.

The following table sets forth a reconciliation of net income to Adjusted EBITDA (unaudited) for the periods presented:

	<u>Dorian LPG Ltd.</u>	<u>Predecessor Businesses of Dorian LPG Ltd.</u>			
	Period July 1 (inception) To December 31, 2013	Period April 1, 2013 To July 28, 2013	Period April 1, 2012 To December 31, 2012	Years Ended March 31,	
		(in U.S. dollars)		2013	2012
Net income/(loss)	\$ 4,144,485	\$ 4,404,927	\$ (3,214,696)	\$ (4,850,697)	\$ (9,472,320)
Interest and finance cost	1,204,172	762,815	2,005,339	2,568,985	2,415,855
Loss /(Gain) on derivatives, net	268,568	(2,830,205)	5,637,347	5,588,479	10,943,316
Depreciation and amortization	4,157,476	3,955,309	9,059,792	12,024,829	11,847,628
Adjusted EBITDA	\$ 9,774,701	\$ 6,292,846	\$ 13,487,782	\$ 15,331,596	\$ 15,734,479

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma statement of operations present our operations for the periods presented, on a pro forma basis as if the transactions described below had occurred on April 1, 2012. The historical financial information has been adjusted to give effect to pro forma events that are directly attributable to such transactions.

The unaudited pro forma statements of operations for the year ended March 31, 2013 and for the nine months ended December 31, 2013 give effect to the acquisition of the Predecessor Businesses (the "Acquisition") as if they had occurred on April 1, 2012. The pro forma statement of operations do not reflect a pro forma impact of the two asset acquisitions of the VLGC newbuilding contract and 1.5 purchase option contracts or the thirteen VLGC newbuilding contracts acquired from SeaDor Holdings and Scorpio Tankers, respectively. The asset acquisitions are reflected from the date of actual acquisition of the assets.

The unaudited pro forma condensed statements of operations do not purport to represent what our results of operations would actually have been, had the related transactions in fact occurred on April 1, 2012. Nor do they purport to project our results of operations at any future date. Investors are cautioned not to place undue reliance on this unaudited pro forma condensed financial information.

Certain adjustments are based on currently available information and estimates and assumptions; therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the assumptions used provide a reasonable basis for presenting the transactions described below and that the pro forma adjustments give appropriate effect to the assumptions and are properly applied in the unaudited pro forma condensed statement of operations.

We were incorporated on July 1, 2013 under the laws of the Republic of the Marshall Islands for the purpose of owning and operating LPG carriers. As described in Note 1 to the consolidated financial statements included herein, on July 29, 2013, in connection with our formation, we acquired the business of the four vessels in our Initial Fleet from Dorian Holdings and its affiliate, including our assumption of debt and interest rate swap obligations associated with the vessels and contracts for the construction of two newbuilding VLGCs and options to acquire an additional one and half newbuilding VLGCs which have been accounted as business acquisitions.

The pro forma statement of operations for the year ended March 31, 2013 are comprised of historical statement of operations which have been derived from the combined audited financial statements of the Predecessor Businesses for the year ended March 31, 2013 and the pro forma adjustments. The pro forma statement of operations for the nine month period ended December 31, 2013 are comprised of the combined unaudited financial statements for the Predecessor Businesses for the period April 1, 2013 to July 28, 2013 (the date immediately prior to the sale of the vessels) and the historical unaudited consolidated financial statements of Dorian LPG Ltd. from July 1, 2013 (inception) to December 31, 2013 and the pro forma adjustments.

The unaudited pro forma combined financial information should be read together with our financial statements and the combined financial statements of Predecessor Businesses included elsewhere in this prospectus. The table should also be read together with the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

**Unaudited Pro Forma Condensed Combined Statement of Operations**

**For the nine month period April 1, 2013 to December 31, 2013**

**All information is expressed in thousands of U.S. Dollars in thousands except share data**

The following tables set forth our summary historical and pro forma financial information as of the dates and for the periods indicated:

	Note	Historical		Pro Forma Adjustments	Pro Forma
		Dorian	Predecessor Businesses		
<b>Revenues</b>		<b>19,763</b>	<b>15,383</b>	—	<b>35,146</b>
<b>Expenses</b>					
Voyage expenses		4,638	3,624	—	8,262
Voyage expenses — related party		—	198	—	198
Vessel operating expenses		5,441	4,639	—	10,080
Management fees - related party	2	1,997	601	863	3,461
Depreciation and amortization	3	4,157	3,955	(901)	7,211
General and administrative expenses	5	131	28	—	159
<b>Total expenses</b>		<b>16,364</b>	<b>13,045</b>	<b>(38)</b>	<b>29,371</b>
<b>Operating income</b>		<b>3,399</b>	<b>2,338</b>	38	<b>5,775</b>
<b>Other income/(expenses)</b>					
Interest and finance cost	4	(1,204)	(763)	(664)	(2,631)
Interest income		328	—	—	328
(Loss)/Gain on derivatives		(269)	2,830	—	2,561
Foreign currency gain/(loss), net		1,890	—	—	1,890
<b>Total other income/(expenses), net</b>		<b>745</b>	<b>2,067</b>	<b>(664)</b>	<b>2,148</b>
<b>Net income</b>		<b>4,144</b>	<b>4,405</b>	<b>(626)</b>	<b>7,923</b>
<b>Earnings per common share, basic and diluted</b>					<b>\$ 0.10</b>
<b>Weighted average common shares outstanding, — basic and diluted</b>	<b>6</b>				<b>78,735,961</b>

**Summary Unaudited Pro Forma Financial Information**

For the year ended March 31, 2013

**Pro Forma Condensed Combined Statement of Operations**

All information is expressed in thousands of U.S. Dollars in thousands except share data

	<u>Notes</u>	<u>Historical (1) Predecessor Businesses</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<b>Revenues</b>		<b>38,662</b>	—	<b>38,662</b>
<b>Expenses</b>				
Voyage expenses		8,751	—	8,751
Voyage expenses — related party		506	—	506
Vessel operating expenses		12,039	—	12,039
Management fees - related party	2	1,824	2,676	4,500
Depreciation and amortization	3	12,025	(2,659)	9,366
General and administrative expenses	5	157	—	157
<b>Total expenses</b>		<b>35,302</b>	<b>17</b>	<b>35,319</b>
<b>Operating income</b>		<b>3,360</b>	(17)	<b>3,343</b>
<b>Other income/(expenses)</b>				
Interest and finance cost	4	(2,569)	(1,771)	(4,340)
Interest income		1	—	1
Loss on derivatives		(5,589)	—	(5,589)
Foreign currency loss		(54)	—	(54)
<b>Total other expenses, net</b>		<b>(8,211)</b>	<b>(1,771)</b>	<b>(9,982)</b>
<b>Net loss</b>		<b>(4,851)</b>	<b>(1,788)</b>	<b>(6,639)</b>
<b>Loss per common share, basic and diluted</b>				<b>\$ (0.28)</b>
<b>Weighted average common shares outstanding, — basic and diluted</b>	6			<b>23,335,675</b>

**Notes to Unaudited Pro Forma Condensed Combined Statement of Operations****All information is expressed in thousands of U.S. Dollars except share data**

- (1) Dorian was incorporated on July 1, 2013 and as a result there are no historical results of operations for Dorian prior to that date.
- (2) Represent the pro forma adjustment to reflect incremental management fees payable to Dorian's technical manager. Prior to the acquisition by Dorian, the Predecessor Businesses paid the technical manager a fee of \$40,000 per month for the VLGCs and \$32,000 per month for the *Grendon*. The pro forma adjustments reflect the revision of the fee to \$93,750 per month for all vessels.
- (3) Represents the change in depreciation expense as a result of the Acquisition.

	NINE MONTHS ENDED DECEMBER 31, 2013	YEAR ENDED MARCH 31, 2013
Depreciation based on fair value of vessels(a)	\$ 2,938	\$ 9,013
Historical depreciation of vessel(b)	3,839	11,672
	\$ (901)	\$ (2,659)

- (a) computed based on the fair value of the vessels of \$201 million allocated to the vessels in purchase accounting, which were depreciated using an estimated useful life of 25 years from the date of initial delivery from the shipyard.
- (b) computed based on the historical cost of the vessels of \$253 million with a net carrying value \$ 183 million depreciated using an estimated useful life of 20 years for the VLGC vessels and 25 years for the PGC vessel from the date of initial delivery from the shipyard.

- (4) Represents the incremental interest expense resulting from the modification of the Predecessor Businesses loan agreement in connection with the Acquisition.

	NINE MONTHS ENDED DECEMBER 31, 2013	YEAR ENDED MARCH 31, 2013
Pro forma bank debt interest expense (a)	\$ 2,477	\$ 4,142
Actual historical interest on bank debt	1,813	2,371
Incremental interest	\$ 664	\$ 1,771

- (a) calculated based on an assumed weighted average effective interest rate of 2.87% and average debt outstanding of \$143.3 million for the year ended March 31, 2013 and \$137.4 million for the period April 1, 2013 to July 28, 2013. For the period April 1, 2013 to December 31, 2013, actual historical interest includes an amount of \$1.2 million, net of interest capitalized, reflecting the historical interest of Dorian LPG Ltd. for the period July 29, 2013 (date the loan was amended) to December 31, 2013. The assumed weighted average interest rate is based on the modified loan agreement entered into in connection with the Acquisition.

- (5) The pro forma adjustments do not reflect an estimate of the expected increase in general and administrative expenses that will occur as a result of becoming a public company, as such costs are not considered to be factually supportable. However, we currently expect an annual increase of approximately \$300,000 to \$500,000 as a result of becoming a public company upon completion of this offering.
- (6) The weighted average common shares were calculated assuming that the 23,335,675 common shares issued to Dorian Holdings for the Acquisition on the business combination date were all issued on April 1, 2012. The weighted average number of shares for the nine month period April 1, 2013 to December 31, 2013 in addition reflects the July 29, 2013 issuances of 23,335,675 common shares from an asset acquisition with SeaDor Holdings, the issuance of 80,405,405 common shares in a subsequent private placement on November 26, 2013 and the issuance of 39,952,123 common shares for the asset acquisition with Scorpio Tankers on November 26, 2013 as if these shares were issued at the date of the associated transactions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our and our Predecessor Businesses' audited and unaudited consolidated and combined financial statements and related notes included elsewhere in this prospectus. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following information. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or "U.S. GAAP," and are presented in U.S. Dollars unless otherwise indicated. The following discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under "Risk Factors" and elsewhere in this prospectus, our actual results may differ materially from those anticipated in these forward-looking statements. Please see the section "Forward-Looking Statements" elsewhere in this prospectus

### Overview

We are a Marshall Islands corporation headquartered in the United States and primarily focused on owning and operating VLGCs, each with a cargo-carrying capacity of greater than 80,000 cbm. Our fleet currently consists of four LPG carriers, including three 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel, which we refer to collectively as our Initial Fleet. In addition, we have newbuilding contracts for the construction of 19 new 84,000 cbm VLGCs at Hyundai Heavy Industries Co., Ltd., or Hyundai, and Daewoo Shipping and Marine Engineering Ltd., or Daewoo, both of which are based in South Korea, with scheduled deliveries between July 2014 and January 2016. We refer to these contracts as our VLGC Newbuilding Program.

Our principal shareholders include Scorpio Tankers (NYSE:STNG); SeaDor Holdings, an affiliate of SEACOR Holdings Inc. (NYSE:CKH); Dorian Holdings and Kensico Capital Management which own 26.5%, 19.3% 11.7% and 9.5%, respectively, of our total shares outstanding, as of the date of this prospectus and are each represented on our board of directors. We expect that following the completion of this offering they will continue to own a substantial ownership interest in the Company's outstanding common shares and will continue to have the ability to exert significant influence over its operations.

Our customers include global energy companies such as Statoil and Shell, commodity traders such as Petredec, and industrial users. We intend to pursue a balanced chartering strategy by employing our vessels on a mix of multi-year time charters, some of which may include a profit-sharing component, and spot market voyages and shorter-term time charters. While three of our vessels are currently on time charters that are set to expire in 2014, we have chartered the *Captain Markos NL* and our first newbuilding, the *Comet*, to Shell for five years beginning on or about November 1, 2014 and July 31, 2014, respectively.

For the years ended March 31, 2013 and 2012, for the period April 1, 2013 to July 28, 2013 and for the period April 1, 2012 to December 31, 2012, the combined financial statements include the accounts of the vessel owning companies of our Initial Fleet, which we refer to collectively as our Predecessor or the Predecessor Businesses. Our financial position, results of operations and cash flows reflected in our Predecessor combined financial statements are not indicative of those that would have been achieved had we operated as an independent stand-alone entity for all periods presented or of future results.

### Important Financial and Operational Terms and Concepts

We use a variety of financial and operational terms and concepts in the evaluation of our business and operations including the following:

#### Vessel Revenue

Our revenues are driven primarily by the number of vessels in our fleet, the number of days during which our vessels operate and the amount of daily rates that our vessels earn under our charters, which, in turn, are affected by a number of factors, including levels of demand and supply in the LPG shipping industry; the age, condition and specifications of our vessels; the duration of our charters; the timing of when the profit sharing arrangements are earned; the amount of time that we spend positioning our vessels; the availability of our vessels, which is related to the amount of time that our vessels spend in drydock undergoing repairs and the amount of time required to perform necessary maintenance or upgrade work; and other factors affecting rates for LPG vessels.

We generate revenue by providing seaborne transportation services to customers pursuant to two types of contractual relationships:

**Time Charters.** A time charter is a contract under which a vessel is chartered for a defined period of time at a fixed daily or monthly rate. Under time charters, we are responsible for providing crewing and other vessel operating services, the cost of which is intended to be covered by the fixed rate, while the customer is responsible for substantially all of the voyage expenses, including

bunker fuel consumption, port expenses and canal tolls. LPG is typically transported under a time charter arrangement, with terms ranging up to seven years. In addition, we also have profit sharing arrangements with some of our customers that provide for additional payments above a floor monthly rate (usually up to an agreed ceiling) based on the actual, average daily rate quoted by the Baltic Exchange for Very Large Gas Carriers on the benchmark Ras Tanura-Chiba route over an agreed time period converted to a Time Charter Equivalent monthly rate. For the period July 1 (Inception) to December 31, 2013, approximately 55.0% of our revenue was generated pursuant to time charters.

**Voyage Charters.** A voyage charter is a contract for transportation of a specified cargo between two or more designated ports. This type of charter is priced on a current or “spot” market rate, typically on a price per ton of product carried. Under voyage charters, we are responsible for all of the voyage expenses in addition to providing the crewing and other vessel operating services. Revenues for voyage charters are more volatile as they are typically tied to prevailing market rates at the time of the voyage. For the period July 1, 2013 (Inception) to December 31, 2013, approximately 45.0% of our revenue was generated pursuant to voyage charters.

**Calendar Days.** We define calendar days as the total number of days in a period during which each vessel in our fleet was owned. Calendar days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses that are recorded during that period.

**Available Days.** We define available days as calendar days less aggregate off-hire days associated with scheduled maintenance, which include major repairs, drydockings, vessel upgrades or special or intermediate surveys. We use available days to measure the aggregate number of days in a period that our vessels should be capable of generating revenues.

**Operating Days.** We define operating days as available days less the aggregate number of days that our vessels are off-hire for any reason other than scheduled maintenance and for charter voyages less the aggregate number of days our vessels are idle in between voyages. We use operating days to measure the number of days in a period that our operating vessels are on hire.

**Fleet Utilization.** We calculate fleet utilization by dividing the number of operating days during a period by the number of available days during that period. An increase in non-scheduled off-hire days would reduce our operating days, and therefore, our fleet utilization. We use fleet utilization to measure our ability to efficiently find suitable employment for our vessels.

**Time Charter Equivalent Rate.** Time charter equivalent rate, or “TCE rate”, is a measure of the average daily revenue performance of a vessel. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a shipping company’s performance despite changes in the mix of charter types (such as time charters, voyage charters) under which the vessels may be employed between the periods. Our method of calculating TCE rate is to divide revenue net of voyage expenses by operating days for the relevant time period.

**Voyage Expenses.** Voyage expenses are all expenses unique to a particular voyage, including bunker fuel consumption, port expenses, canal fees, charter hire commissions, war risk insurance and security costs. Voyage expenses are typically paid by us under voyage charters and by the charterer under time charters. Accordingly, we generally only incur voyage expenses for our own account when performing voyage charters or during repositioning voyages between time charters for which no cargo is available or travelling to or from drydocking. Our gross revenue under voyage charters are generally higher than under comparable time charters so as to compensate us for bearing all voyage expenses. As a result, our revenue and voyage expenses may vary significantly depending on our mix of time charters and voyage charters.

**Vessel Operating Expenses.** Vessel operating expenses are expenses that are not unique to a specific voyage. Vessel operating expenses are paid by us under each of our charter types (as we do not employ our vessels on bare boat charters). Vessel operating expenses include crew wages and related costs, the costs for lubricants, insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Our vessel operating expenses will increase with the expansion of our fleet and are subject to change because of higher crew costs, higher insurance premiums, unexpected repair expenses and general inflation. Furthermore we expect maintenance costs will increase as our vessels age.

**Daily Vessel Operating Expenses.** Daily vessel operating expenses are calculated by dividing vessel operating expenses by calendar days for the relevant time period.

**Management Fees — Related Party.** Management fees to related parties are paid pursuant to management agreements entered into by each vessel owning subsidiary with Dorian (Hellas) S.A. (“Dorian (Hellas)” or the “Manager”). The Manager provides the financial, strategic, technical, crew and commercial management as well as insurance and accounting services to the vessel owning subsidiaries for a fee of \$93,750 per vessel payable one month in advance effective from July 29, 2013. Prior to July 29, 2013 our Predecessor paid a fixed monthly management fee of \$40,000 per VLGC and \$32,000 for our 5,000 cbm pressurized vessel.

In addition, our Manager provides the Company with pre-delivery services until the date of delivery of each newbuilding. Pre-delivery services include engineering and technical support, liaising with the shipyard, and ensuring key suppliers are integrated into the production planning process for a fee of \$15,000 per month for each newbuilding contract. The fees for pre-delivery services are capitalized to the cost of the vessels under construction.

The management fees are charged on a monthly basis per vessel and newbuilding contract and the total fees are affected by the number of vessels in our fleet and the number of newbuilding contracts managed. Following the transition of our management operations to our wholly owned subsidiaries which is expected to occur by June 30, 2014, we will pay no further management fees as all such functions will be in-house. We expect the cost for these functions to approximate the level of management fees charged under these management contracts as of December 31, 2013. As our fleet grows, including with the delivery of our contracted newbuildings, the aggregate cost of these management functions will increase.

**Depreciation and Amortization.** We depreciate our vessels on a straight-line basis using an estimated useful life of 25 years and after considering estimated salvage values. Our Predecessor used an estimated useful life of 20 years to 25 years depending on the type of vessel.

We amortize the cost of capitalized drydocking expenditures on a straight-line basis over the period through the date the next drydocking/special survey is scheduled to become due.

**General and Administrative Expenses.** General and administrative expenses principally consist of the costs incurred in the corporate administration of the vessel and non-vessel owning subsidiaries. Following this offering, we will incur additional expenses as a result of being a publicly-traded corporation, including costs associated with annual reports to shareholders and SEC filings, investor relations and NYSE annual listing fees. Concurrent with or following this offering, we expect to grant awards to our directors and officers of an aggregate of up to 1.5 million shares of restricted stock that we anticipate will vest over five years that would result in an increase in expenses. Compensation expense will be measured at the grant date based on the estimated fair value of the awards and will be recognized over the vesting period. Please read “Management—Equity Incentive Plan.”

**Drydocking.** We must periodically drydock each of our vessels for any major repairs and maintenance and for inspection of the underwater parts of the vessel that cannot be performed while the vessels are operating and for any modifications to comply with industry certification or governmental requirements. We are required to drydock a vessel once every five years until it reaches fifteen years of age and thereafter every 2.5 years. We capitalize costs associated with the drydockings and amortize these costs on a straight-line basis over the period through the date the next survey is scheduled to become due under the “Deferral” method permitted under U.S. GAAP. Costs incurred during the drydocking period which relate to routine repairs and maintenance are expensed as incurred. The number of drydockings undertaken in a given period and the nature of the work performed determine the level of drydocking expenditures.

## **Results of Operations—Dorian LPG Ltd.**

### **For the period from July 1, 2013 (Inception) to December 31, 2013**

The Company remained substantially inactive for the period from July 1, 2013 until July 29, 2013, the date of our business combination with the Predecessor Businesses of Dorian LPG Ltd. The results of operations of the Company for the period July 1, 2013 through December 31, 2013 include the operations of our Initial Fleet, comprising four vessels from the date we acquired them on July 29, 2013.

#### **Revenues**

Revenues of \$19.8 million for the period July 1, 2013 to December 31, 2013 represent charter hire and voyage charters earned for our three VLGC vessels and our pressurized 5,000 cbm vessel. Revenues from time charter hire earned for our two VLGC vessels and the *Grendon* amounted to \$10.9 million, of which \$3.8 million represented profit sharing, and revenues from voyage charter for one VLGC vessel amounted to \$8.9 million. The *Captain Nicholas ML* was in drydock for the period from August 28, 2013 to September 14, 2013 and did not earn revenue during this time.

#### **Voyage Expenses**

Voyage expenses were approximately \$4.6 million during the period July 1, 2013 to December 31, 2013. Voyage expenses mainly related to bunkers of \$3.7 million, port charges of \$0.5 million, brokers’ commissions of \$0.3 million and security costs of \$0.1 million.

### ***Vessel Operating Expenses***

Vessel operating expenses were approximately \$5.4 million during the period July 1, 2013 to December 31, 2013, or \$8,719 per vessel per calendar day. Vessel operating expenses are influenced by the age and size of the vessel, the condition of the vessel and other factors, as discussed above.

### ***Management Fees - related party***

Management fees expensed for the period July 1, 2013 to December 31, 2013 represent fees charged by Dorian (Hellas) amounting to approximately \$2.0 million representing \$93,750 per vessel per month in accordance with our management agreements entered into with Dorian (Hellas) for the period since the acquisition of our vessels. The management fees are charged on a monthly basis per vessel and the total fees are affected by the number of vessels in our fleet.

### ***Depreciation and Amortization***

Depreciation and amortization was approximately \$4.2 million for the period July 1, 2013 to December 31, 2013 and mainly relates to depreciation expense for our Initial Fleet from the date of acquisition, July 29, 2013. The depreciation and amortization for a full year for our Initial Fleet is expected to amount to approximately \$10.1 million, assuming all other variables are held constant.

### ***Interest and Finance Costs***

Interest and finance costs amounted to approximately \$1.2 million for the period July 1, 2013 to December 31, 2013. The interest and finance costs consisted of interest incurred on our bank debt of \$1.1 million, amortization of financing costs, other financial expenses of \$0.5 million less \$0.4 million interest costs capitalized to the cost of our vessels under construction. The average indebtedness during the period was \$133.7 million and the outstanding balance of our long-term debt as of December 31, 2013, was \$132.2 million.

### ***Interest Income***

Interest income amounted to approximately \$0.3 million for the period July 1, 2013 to December 31, 2013 derived from short term bank deposits.

### ***Loss on Derivatives — net***

Loss on derivatives — net, amounted to approximately \$0.3 million for the period July 1, 2013 to December 31, 2013. The net loss on derivatives comprised of a realized loss of \$2.4 million, partially offset by an unrealized gain of \$2.1 million from the changes in the fair value of the interest rate swaps.

### ***Foreign currency gain***

Foreign currency gain amounted to approximately \$1.9 million for the period July 1, 2013 to December 31, 2013, and comprised mainly of realized gains of \$1.9 million from payments in U.S. dollars received in advance of the closing of November 26, 2013 equity private placement transactions priced in Norwegian Kroner and converted to U.S. dollars.

### **Results of Operations—Predecessor Businesses of Dorian LPG Ltd.**

Also included in this prospectus are the unaudited combined results of operations of the Predecessor Businesses of Dorian LPG Ltd that owned and operated the *Captain Nicholas ML*, *Captain John NP*, *Captain Markos NL* and *LPG Grendon*, respectively, prior to the sale of the vessels to us, for the periods from April 1, 2013 to July 28, 2013, and April 1, 2012 to December 31, 2012 and audited results for the years ended March 31, 2013 and March 31, 2012.

#### ***Period from April 1, 2013 to July 28, 2013***

##### ***Revenues***

Revenues of \$15.4 million for the period April 1, 2013 to July 28, 2013 represent charter hire and voyage charters earned for three VLGC vessels and one PGC vessel. Revenues from time charter hire earned for two VLGC vessels and one PGC vessel amounted to \$9.2 million, of which \$2.7 million represented profit sharing. Revenues from voyage charter for one VLGC vessel amounted to \$6.2 million for the period April 1, 2013 to July 28, 2013.

### ***Voyage Expenses***

Voyage expenses were approximately \$3.8 million for the period April 1, 2013 to July 28, 2013. Voyage expenses were comprised mainly of bunkers of \$2.8 million, charter hire commissions of \$0.4 million, of which \$0.2 million was paid to our Manager, port charges and other related expenses of \$0.4 million and security costs of \$0.2 million.

### ***Vessel Operating Expenses***

Vessel operating expenses were approximately \$4.6 million for the period April 1, 2013 to July 28, 2013, or \$9,745 per calendar day compared to \$8,246 per calendar day for the year ended March 31, 2013. The higher vessel operating expenses per calendar day for the period to July 28, 2013 are mainly due to higher spares and stores costs for one of our vessels due to repairs during this period. Vessel operating expenses are influenced by the age and size of the vessel, the condition of the vessel, timing of vessel repairs and other factors, as discussed above.

### ***Management Fees - related party***

Management fees charged by our Manager for the period April 1, 2013 to July 28, 2013 were approximately \$0.6 million relating to fees of \$40,000 per VLGC vessel per month and \$32,000 for the PGC vessel per month.

### ***Depreciation and Amortization***

Depreciation and amortization for our fleet for the period April 1, 2013 to July 28, 2013 was \$4.0 million, which comprised of depreciation of \$3.9 million and amortization of deferred charges from drydock and special survey costs of approximately \$0.1 million.

### ***Interest and Finance Costs***

Interest and finance costs amounted to approximately \$0.8 million for the period April 1, 2013 to July 28, 2013, of which \$0.6 million related to the interest incurred on the loans for the vessels and \$0.2 million related to the amortization of financing costs and other financial expenses.

### ***Gain/(Loss) on Derivatives — net***

Gain on derivatives — net, amounted to approximately \$2.8 million for the period April 1, 2013 to July 28, 2013. The gain on derivatives comprised of a gain from the changes in the fair value of the interest rate swaps, of \$4.7 million due to an increase in forward Libor curve rates, partially offset by a realized loss of \$1.9 million for the period April 1, 2013 to July 28, 2013.

### ***Year ended March 31, 2013 compared to Year ended March 31, 2012***

**Revenues.** Revenues increased by 11.8% to \$38.7 million for the year ended March 31, 2013 from \$34.6 million for the year ended March 31, 2012, and represent 1,454 available days, an increase of 29 days when compared to the year ended March 31, 2012, primarily due to:

- Increases of \$4.4 million in charter revenue and \$0.5 million in demurrage revenue relating to one VLGC as it transitioned from time charter to voyage charter;
- A decrease in profit share revenue of \$0.8 million relating to one VLGC as it transitioned from time charter to voyage charter
- An increase of \$0.4 million in the year ended March 31, 2013 due to no drydockings in the year ended March 31, 2013.

**Voyage Expenses.** Voyage expenses increased by 323% to \$8.8 million for the year ended March 31, 2013, from \$2.1 million for the year ended March 31, 2012. The increase of \$6.7 million was primarily due to additional costs of bunkers, port expenses, and charter hire commissions from the transition of one of our VLGCs moving from time charter to voyage charter in the year ended March 31, 2013.

**Vessel Operating Expenses.** Vessel operating expenses decreased by 16.5% or \$2.4 million to \$12.0 million, or \$8,246 per calendar day, for the year ended March 31, 2013, from \$14.4 million for the year ended March 31, 2012. Vessel operating expenses decreased most significantly in the areas of spares and repairs and maintenance, as drydockings were performed on the *Captain John NP* and the *Captain Markos NL* during the year ended March 31, 2012 and we took the opportunity to perform routine repairs and maintenance during the drydock period which increases these expenses. There were no drydockings performed in the year ended March 31, 2013. The vessel operating expenses per calendar day amounted to \$8,246 and \$9,843 per calendar day for the years ended March 31, 2013 and 2012, respectively, mainly due to the decreased spares and repairs and maintenance.

**Depreciation and Amortization.** Depreciation and amortization expense increased 1.5% to \$12.0 million for the year ended March 31, 2013, from \$11.8 million for the year ended March 31, 2012. This increase was primarily due to an increase in the amortization of the drydocking costs as a result of the drydockings performed in 2012.

**Interest and Finance Costs .** Interest and finance costs increased to \$2.6 million for the year ended March 31, 2013, from \$2.4 million for the year ended March 31, 2012. This increase was primarily due to increases in Libor rates, partially offset by a reduction in principal loan balances.

**Loss on derivatives - net.** Loss on derivatives — net, decreased by 48.9%, or \$5.3 million, to \$5.6 million for the year ended March 31, 2013 from \$10.9 million for the year ended March 31, 2012. The decrease was due to a reduction in the unrealized losses from the changes in the fair value of the interest rate swaps, amounting to \$4.6 million, and due to a reduction in the realized losses amounting to \$0.7 million, mainly due to a reduction in the notional amount of the derivative.

### **Liquidity and Capital Resources**

Our business is capital intensive, and its future success depends on our ability to maintain a high-quality fleet through the commissioning of additional newbuildings and the acquisition of modern VLGCs. These investments will be principally subject to our expectation of future market conditions as well as our ability to acquire vessels on favorable terms. As of December 31, 2013, we had cash and cash equivalents of \$291.0 million and current and non-current restricted cash of \$35.4 million.

Our primary sources of capital during the period July 1, 2013 (Inception) through December 31, 2013 were the net proceeds from the private placements of our common stock in July and November 2013, which amounted to approximately \$405.0 million, after the deduction of underwriting discounts and commissions and expenses payable by us, which were used to finance the purchase of the PGC vessel, to make progress payments for our VLGCs under construction and for working capital purposes. As of December 31, 2013, we had total outstanding indebtedness of \$132.2 million which was assumed from our Predecessor as part of the acquisition of our VLGC vessels, of which \$9.6 million is scheduled to be repaid within the next twelve months. We are required to maintain certain minimum liquidity amounts in order to comply with our term loan facility. Please see “—Secured Term Loan Facility.”

In addition to operating expenses and financing costs, our medium-term and long-term liquidity needs primarily relate to contractual commitments to build sixteen VLGCs at shipyards as of December 31, 2013 and the three additional vessels we contracted for in February 2014, with delivery dates between July 2014 and January 2016. Pursuant to our existing shipbuilding contracts, we are required to remit 40% of the total contract price to shipyards prior to the delivery of the vessels.

As part of our growth strategy, we will continue to consider strategic opportunities, including the acquisition of additional vessels. We may choose to pursue such opportunities through internal growth or joint ventures or business acquisitions. We intend to finance any future acquisitions through various sources of capital, including credit facilities, debt borrowings and the issuance of additional shares of common stock.

We expect to finance the remaining payments amounting to \$1.2 billion as of March 27, 2014 for the nineteen VLGCs to be delivered between July 2014 and January 2016 from available cash through previously issued equity, the net proceeds of this offering and borrowings under new credit facilities to be negotiated with banks. We intend to finance the VLGC to be delivered in August 2014 entirely with existing restricted cash. Restricted cash will be reduced as advance payments for this vessel are made to the shipyard. As of December 31, 2013, restricted cash relating to this vessel was \$30.9 million. This vessel will be pledged to the Royal Bank of Scotland under our existing secured credit facility upon its delivery from the shipyard.

Our dividend policy will also impact our future liquidity position. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. In addition, under the terms of our credit facility, we may only declare or pay any dividends from our free cash flow and may not do so if i) an event of default is occurring or ii) the payment of such dividend would result in an event of default. Our vessel owning subsidiaries who are party to our Secured Term Loan Facility are prohibited from paying dividends without the consent of the lender. Please see “Dividend Policy.”

We anticipate that our current financial resources, together with cash generated from operations will be sufficient to fund the operations of our current fleet, including our working capital requirements, for the next 12 months. In the event we acquire any additional vessels or commission any additional newbuildings, we will rely on additional equity and debt financing alternatives.

On February 12, 2014, we completed a private placement in Norway of 28,246,000 common shares at a price of NOK 22.00 per share for gross proceeds of \$100.0 million and net proceeds of approximately \$96.0 million. Subsequent to this private placement, we have 241,825,149 common shares issued and outstanding.

**Cash Flows**

The following table summarizes our cash and cash equivalents provided by (used in) operating, financing and investing activities for the periods presented:

	<u>Successor (Unaudited)</u>	<u>Predecessor (Unaudited)</u>		<u>Predecessor (Audited)</u>	
	<u>July 1, 2013 to December 31, 2013</u>	<u>April 1, 2013 to July 28, 2013</u>	<u>April 1, 2012 to December 31, 2012</u>	<u>Years ended March 31,</u>	
				<u>2013</u>	<u>2012</u>
Net cash provided by operating activities	\$ 6,474,810	\$ 4,670,470	\$ 5,570,304	\$ 8,255,783	\$ 10,329,677
Net cash used in investing activities	(115,707,989)	(90,492)	(353,183)	(469,929)	(309,717)
Net cash provided/(used) in financing activities	400,174,661	(5,606,000)	(5,007,000)	(8,784,500)	(10,397,000)
Net increase/(decrease) in cash and cash equivalents	290,952,503	(1,026,022)	210,121	(998,646)	(377,040)

**Operating Cash Flows.** Net cash provided by operating activities for the period July 1, 2013 to December 31, 2013 amounted to \$6.5 million, as a result of favorable movements in working capital which were offset partially by payments for drydocking costs of \$343,484.

Predecessor: Net cash provided by operating activities amounted to \$4.7 million for the period April 1, 2013 to July 28, 2013 representing 476 calendar days and \$5.6 million, representing 1,100 calendar days, for the nine month period ended December 31, 2012. This decrease was due primarily to fewer calendar days and a 17.3% increase in daily vessel operating expenses in the period ended July 28, 2013, compared to the nine month period ended December 31, 2012, partially offset by a 13.1% increase in daily revenues in the period ended July 28, 2013, compared to the nine month period ended December 31, 2012. The higher daily revenues was a function of higher fleet utilization, higher voyage charter rates earned on the VLGC vessel that was employed in the spot market and an increase in profit sharing revenues earned from the two VLGC vessels which were employed under time charter agreements with profit sharing provisions in the relevant periods.

Net cash provided by operating activities for the year ended March 31, 2013 decreased to \$8.3 million from \$10.3 million for the year ended March 31, 2012, a decrease of 19.4%. This \$2.0 million decrease in cash provided by operating activities for the year ended March 31, 2013, was primarily due to adverse movements in working capital, offset partially by an increase in revenue per calendar day of \$2,867 due to a transition for one of the VLGCs to voyage charter from time charter and a 16.3% decrease in daily vessel operating expenses.

Net cash flow from operating activities depends upon overall profitability of the Company, the timing and amount of payments for: drydocking expenditures, any unscheduled repairs and maintenance activity, fluctuations in working capital balances, bunker costs and market rates to the extent we have vessels employed on voyage charters.

**Investing Cash Flows.** Net cash used in investing activities of \$115.7 million for the period July 1, 2013 to December 31, 2013 consisted of a net increase in restricted cash of \$35.4 million, which was comprised of an increase of \$71.1 million from the

original funding of the account from the July 2013 private placement offset by a decrease of \$35.6 million due to an accelerated payment of \$28.4 million to the shipyard in return for a reduction in the contract price of the vessel and the scheduled payment of \$7.2 million, net payments to acquire the Predecessor Businesses of \$13.7 million and payments for vessels and vessels under construction of \$ 66.5 million.

Predecessor: Net cash used in investing activities decreased to \$0.1 million for the period from April 1, 2013 to July 28, 2013 from \$0.4 million for the nine month period ended December 31, 2012 as a result of a reduction in payments for vessel improvements. Net cash used in investing activities increased to \$0.5 million for the year ended March 31, 2013 from \$0.3 million for the year ended March 31, 2012, an increase of 66.7% or \$0.2 million. The increase was due mainly to increased payments for vessel improvements.

**Financing Cash Flows.** Net cash provided by financing activities was \$400.1 million for the period July 1, 2013 to December 31, 2013 and consisted of cash proceeds from two private placements of common shares totaling \$413.3 million, offset partially by repayments of long term debt of \$3.0 million, payment of financing costs of \$1.5 million and payments relating to equity issuance costs of \$8.7 million.

Predecessor: Net cash used in financing activities amounted to \$5.6 million, \$5.0 million, \$8.8 million and \$10.4 million for the period April 1, 2013 to July 28, 2013 and the nine months ended December 31, 2012 and the years ended March 31 2013 and 2012, respectively, and reflects the scheduled repayments due under our long-term debt.

**Capital Expenditures.** LPG transportation is a capital-intensive business, requiring significant investment to maintain an efficient fleet and to stay in regulatory compliance.

During the period July 1, 2013 to December 31, 2013 we acquired the four vessels which comprise our Initial Fleet.

We are required to complete a special survey for a vessel once every five years and an intermediate survey every 2.5 years after the first special survey. Drydocking each vessel takes approximately 10-20 days.

We spend significant amounts for scheduled drydocking (including the cost of classification society surveys) for each of our vessels. The *Captain Nicholas ML* incurred seventeen days off hire during the period July 1, 2013 to December 31, 2013 and \$600,394 of drydocking costs of which \$343,484 was paid as of December 31, 2013.

As our vessels age and our fleet expands, our drydocking expenses will increase. We estimate the current cost of a special survey to be \$1,000,000 and the cost of an intermediate survey to be \$100,000. Ongoing costs for compliance with environmental regulations are primarily included as part of our drydocking and classification society survey costs. We are not aware of any future regulatory changes or environmental laws that we expect to have a material impact on our current or future results of operations that we have not already considered. Please see “Risk Factors—Risks Relating to Our Company—We may incur substantial costs for the drydocking or replacement of our vessels as they age.”

## Secured Term Loan Facility

Dorian LPG Ltd. and certain of our vessel-owning subsidiaries entered into a secured term loan facility with the Royal Bank of Scotland beginning on July 29, 2013 or the “July 29 secured term loan facility,” pursuant to which the Company assumed the debt obligations associated with the financing of the vessels that were acquired through the acquisition of CMNL LPG Transport LLC (CMNL), CJNP LPG Transport LLC (CJNP) and CNML LPG Transport LLC (CNML). The prior loan arrangement associated with those vessels required approval from the lender to change the ultimate beneficial owner of the vessels and agreement from the lender to transfer the borrowings to another party. As a consequence, the Company and the lender negotiated new borrowing terms in connection with this transaction. The new terms are described below. The total borrowings outstanding immediately prior to the debt modification and immediately after remained the same.

CMNL, CJNP, CNML and Corsair LPG Transport LLC (Corsair), as joint and several borrowers, and Dorian LPG Ltd as parent guarantor entered into a loan facility for an amount of \$135.2 million, which replaced the prior borrowing arrangements of the Predecessor. The loan facility is divided into three tranches. Tranche A of \$47.6 million, Tranche B of \$34.5 million and Tranche C of up to \$53.1 million and is associated with each of the *Captain John NP*, *Captain Markos NL* and the *Captain Nicholas ML*, respectively.

Tranche A is payable in twelve equal semi-annual installments each in the amount of \$1.7 million commencing on September 24, 2013 plus a balloon of \$27.2 million payable concurrently with the last installment on March 24, 2019.

Tranche B is payable in eleven equal semi-annual installments each in the amount of \$1.3 million commencing on November 17, 2013 plus a balloon of \$20.5 million payable concurrently with the last installment on November 17, 2018.

Tranche C is payable in fourteen equal semi-annual installments each in the amount of \$1.8 million commencing on January 21, 2014 plus a balloon of \$27.5 million payable concurrently with the last installment on July 21, 2020.

The loan facility bears interest at LIBOR plus a margin of 1.5% per annum until the delivery of the vessel under construction contracted by Corsair but no later than September 30, 2014, upon which the margin will increase to 2.0%. The margin will be increased to 2.5% one year from the delivery of the Corsair Vessel until maturity.

The loan facility is secured by first priority mortgages on the vessels financed and first assignments of all freights, earnings and insurances. In addition the Borrowers are obliged to maintain \$66.5 million in a restricted cash account (the "Newbuilding Cash Collateral") which is reduced on the date of the second, third and fourth pre-delivery shipyard installments for the Corsair Vessel to \$59.15 million, \$51.7 million and \$44.4 million, respectively and on delivery of the Corsair Vessel is reduced in full, unless otherwise agreed by the parties. In October 2013, the parties agreed to an accelerated payment of \$28.4 million for the Corsair vessel in return for a reduction in the contract price of the vessel, resulting in an accelerated reduction in the amount of the restricted cash account. The Corsair Vessel will be mortgaged as security upon delivery.

The loan facility also requires the Borrowers to maintain a minimum market adjusted security cover ratio (the "Security Cover Ratio") equal to at least 125% of the aggregate of the outstanding loan balance and 50% of the related swap exposure up to September 2014 or 100% thereafter, at all times using vessel values received from an approved independent ship broker. In the event of non-compliance the Borrowers will be required within one month of being notified in writing by the lender to make such prepayment or provide such additional security to restore the security cover ratio. In the event the lender agrees to release Corsair or another borrower approved by the lender from joint and several liabilities under the agreement, the minimum market adjusted security cover is adjusted to 175% and the margin will be increased to 2.75%.

The loan facility also contains customary covenants that require the Company to maintain adequate insurance coverage and to obtain the lender's prior consent before changes are made to the flag, class or management of the vessels, or enter into a new line of business. The loan facility also requires that Dorian Holdings maintain a minimum ownership percentage. The loan facility includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation and warranty, a cross-default to other indebtedness and non-compliance with security documents, and prohibit the Borrowers from paying dividends. However, the loan facility permits the Borrowers to make expenditures to fund our administration and operation.

We paid arrangement and agency fees at the time of the closing of the July 29 secured loan facility. Agency fees are due annually. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus a bank margin, for interest periods of three, six or twelve months at the Company's option or any period if agreed by the lender.

**Prepayments/Repayments.** The Borrowers may voluntarily prepay indebtedness under our secured term loan facility at any time, without premium or penalty, in whole or in part upon prior written notice to the facility agent, subject to customary compensation for LIBOR breakage costs. The Borrowers may not reborrow any amount that has been so prepaid.

The loans require semi-annual amortization repayments. Any remaining outstanding principal amounts not otherwise paid must be repaid on the expiration date of the facilities.

**Financial Covenants.** The secured loan agreement contains the following financial covenants which the Company is required to comply with, calculated on a consolidated basis, determined and defined according to the provisions of the loan agreement:

- The ratio of cash flow from operations before interest expense to cash debt service costs (Debt Service Coverage Ratio) shall not be less than 0.75:1 through December 31, 2013, 0.8:1 through December 31, 2014; and 1:1 at all times thereafter.
- The Minimum Shareholders' Funds as adjusted for any reduction in the vessel fair market value shall not be less than \$85 million;
- The ratio of Total Debt to Shareholders Funds shall not exceed 150% at all times;
- Minimum cash of \$10 million at the end of each quarter and \$1.5 million per mortgaged vessel at all times.

**Restrictive Covenants.** The secured term loan facility provides that the Borrowers may not pay dividends to us. However, the loan facility permits the Borrowers to make expenditures to fund our administration and operation. The secured term loan facility also limits the Borrowers from, among other things, incurring additional indebtedness, or entering into mergers and divestitures, or entering into bareboat charters. The secured term loan facility also contains general covenants that will require the Borrowers to

maintain adequate insurance coverage and to maintain their vessels. In addition, the secured term loan facilities include customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation and warranty, a cross-default to other indebtedness and non-compliance with security documents.

As of December 31, 2013, we were in compliance with all of the covenants contained in our loan agreement with RBS.

**Interest Rate Swaps.** The Company uses interest rate swaps for the management of interest rate risk exposure. We have five interest rate swap agreements which convert part of our floating interest rate exposure into fixed interest rates in order to economically hedge our exposure to fluctuations in prevailing market interest rates. For more information on our interest rate swap agreements, refer to Note 18 to our unaudited interim condensed consolidated financial statements for the period July 1 to December 31, 2013 included elsewhere in this prospectus.

### Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2013:

	Total	Payments due by period			
		Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Long-term debt obligations	\$ 132,246,000	\$ 9,612,000	\$ 19,224,000	\$ 39,680,000	\$ 63,730,000
Interest payments (2)	41,212,422	7,706,254	15,390,914	13,328,793	4,786,461
Management Fees (3)	2,460,000	2,460,000	—	—	—
Remaining payments on vessels under construction (5)	1,043,805,040	365,005,040	678,800,000	—	—
<b>Total</b>	<b>\$ 1,219,723,462</b>	<b>\$ 384,783,294</b>	<b>\$ 713,414,914</b>	<b>\$ 53,008,793</b>	<b>\$ 68,516,461</b>

The following table summarizes our pro forma contractual obligations as of December 31, 2013(1):

	Total	Pro forma Payments due by period			
		Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Long-term debt obligations	\$ 132,246,000	\$ 9,612,000	\$ 19,224,000	\$ 39,680,000	\$ 63,730,000
Interest payments (2)	41,212,422	7,706,254	15,390,914	13,328,793	4,786,461
Management Fees (4)	3,881,250	3,881,250	—	—	—
Remaining payments on vessels under construction (5)	1,260,498,550	415,566,859	844,931,691	—	—
<b>Total</b>	<b>\$ 1,437,838,222</b>	<b>\$ 436,766,363</b>	<b>\$ 879,546,605</b>	<b>\$ 53,008,793</b>	<b>\$ 68,516,461</b>

- (1) The pro forma payments reflect the effect of the February 21, 2014 execution of three newbuilding contracts pursuant to an option agreement with Hyundai Heavy Industries Co. Ltd., with a total contract price of \$216.7 million and \$0.1 million relating to management fees for pre-delivery services.
- (2) Our interest commitment on our long-term debt is calculated based on an as assumed LIBOR rate of 0.348% (the six-month LIBOR rate as of December 31, 2013), plus the applicable margin for the respective period as per the loan agreement and the estimated net settlement of our interest rate swaps.
- (3) Includes management fees under the management agreements through April 29, 2014, the termination date of the management agreements.
- (4) Includes management fees under the management agreements through June 30, 2014 to reflect the extension of the expected termination date of the management agreements.
- (5) Includes \$9.7 million of commitments for additional features not included in the contract price of the vessels.

## Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

## Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make estimates in the application of our accounting policies based on our best assumptions, judgments and opinions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties. For a further description of our material accounting policies, please read Note 2 (Summary of Significant Accounting Policies) to the historical consolidated financial statements included elsewhere in this prospectus.

**Vessel Depreciation.** The cost of our vessels less their estimated residual value is depreciated on a straight-line basis over the vessels' estimated useful lives. We estimate the useful life of each of our vessels to be 25 years from the date the vessel was originally delivered from the shipyard. Based on the current market and the types of vessels we plan to purchase, we expect the residual values of our vessels will be based upon a value of approximately \$400 per lightweight ton. An increase in the useful life of our vessel or in its residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. An increase in the useful life of the vessel may occur as a result of superior vessel maintenance performed, favorable ocean going and weather conditions the vessel is subjected to, superior quality of the shipbuilding or yard, or high freight market rates, which result in owners scrapping the vessels later due to the attractive cash flows. A decrease in the useful life of our vessel or in its residual value would have the effect of increasing the annual depreciation charge and possibly result in an impairment charge. A decrease in the useful life of the vessel may occur as a result of poor vessel maintenance performed, harsh ocean going and weather conditions the vessel is subjected to, or poor quality of the shipbuilding or yard. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, we will adjust the vessel's useful life to end at the date such regulations preclude such vessel's further commercial use.

### ***Impairment of long-lived assets.***

We review our vessels for impairment when events or circumstances indicate the carrying amount of the vessel may not be recoverable. When such indicators are present, a vessel is tested for recoverability by comparing the estimate of future undiscounted net operating cash flows expected to be generated by the use of the vessel over its remaining useful life and its eventual disposition to its carrying amount. An impairment charge is recognized if the carrying value is in excess of the estimated future undiscounted net operating cash flows. The impairment loss is measured based on the excess of the carrying amount over the fair market value of the asset. The new lower cost basis would result in a lower annual depreciation than before the impairment.

Due to the absence of indicators of potential impairment of our vessels, we have not needed to perform the tests for recoverability described above. In the event that indicators of potential impairment are present in the future, we would determine estimated net operating cash flows by applying various assumptions regarding future revenues net of commissions, operating expenses, scheduled drydockings, management fees, expected offhire and scrap values. These assumptions would be based on historical trends as well as future expectations. Specifically, in estimating future charter rates, management expects it would take into consideration rates currently in effect for existing time charters and estimated daily time charter equivalent rates for each vessel class for the unfixed days over the estimated remaining lives of each of the vessels. The estimated daily time charter equivalent rates used for unfixed days are expected to be based on a combination of internally forecasted rates that are consistent with forecasts provided to senior management and our board of directors, and the trailing 10-year historical average one-year time charter rates, based on average rates published by maritime researchers. Recognizing that rates tend to be cyclical, and subject to significant volatility based on factors beyond our control, management believes the use of estimates based on the combination of internally forecasted rates and 10-year historical average rates calculated as of the reporting date would be reasonable. Estimated outflows for operating expenses and drydocking expenses are expected to be based on historical and budgeted costs and would be adjusted for assumed inflation. Utilization would be based on historical levels achieved and estimates of a residual value consistent with scrap rates used in management's evaluation of scrap value. Such estimates and assumptions regarding expected net operating cash flows require considerable judgment and would be based upon historical experience, financial forecasts and industry trends and conditions.

Our estimates of basic market value assume that our vessels are all in good and seaworthy condition without need for repair and if inspected would be certified in class without notations of any kind. Our estimates are based on information available from various industry sources, including:

- reports by industry analysts and data providers that focus on our industry and related dynamics affecting vessel values;
- news and industry reports of similar vessel sales;
- approximate market values for our vessels or similar vessels that we have received from shipbrokers, whether solicited or unsolicited, or that shipbrokers have generally disseminated;
- offers that we may have received from potential purchasers of our vessels; and
- vessel sale prices and values of which we are aware through both formal and informal communications with shipowners, shipbrokers, industry analysts and various other shipping industry participants and observers.

As we obtain information from various industry and other sources, our estimates of basic market value are inherently uncertain. In

addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future basic market value of our vessels or prices that we could achieve if we were to sell them.

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We are not aware of any indicators of impairment nor any regulatory changes or environmental liabilities that we anticipate will have a material impact on our current or future operations.

The table set forth below indicates the carrying value of each of our owned vessels as of December 31, 2013 at which time none of the vessels listed in the table below were being held for sale:

Vessels	Capacity (Cbm)	Year Built	Date of Acquisition	Purchase Price	Carrying value (1)
Captain Nicholas ML	82,000	2008	7/29/2013	67,848,473	66,875,237
Captain John NP	82,000	2007	7/29/2013	65,187,174	63,890,240
Captain Markos NL	82,000	2006	7/29/2013	61,421,882	60,180,878
Grendon	5,000	1996	7/29/2013	6,625,000	6,321,815
				<b>201,082,529</b>	<b>197,268,170</b>

(1) Our vessels are stated at carrying values (refer to our accounting policy in Note 2 to our financial statements). As of December 31, 2013, the estimated market value of each of our vessels is greater than its carrying value and hence no impairment was recorded. Impairment charges, if any, would be determined as described above.

**Drydocking and special survey costs.** We must periodically drydock each of our vessels to comply with industry standards, regulatory requirements and certifications. We are required to drydock a vessel once every five years until it reaches 15 years of age, after which we are required to drydock the applicable vessel every two and one-half years.

Drydocking costs are accounted under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next drydocking is scheduled to become due. Costs deferred include expenditures incurred relating to shipyard costs, hull preparation and painting, inspection of hull structure and mechanical components, steelworks, machinery works, and electrical works. Drydocking costs do not include vessel operating expenses such as replacement parts, crew expenses, provisions, luboil consumption, insurance, management fees or management costs during the drydock period. Expenses related to regular maintenance and repairs of our vessels are expensed as incurred, even if such maintenance and repair occurs during the same time period as our drydocking.

If a drydocking is performed prior to the scheduled date, the remaining unamortized balances are immediately written off. Unamortized balances of vessels that are sold are written-off and included in the calculation of the resulting gain or loss in the period of the vessel's sale. The nature of the work performed and the number of drydockings undertaken in a given period determine the level of drydocking expenditures.

**Fair Value of Derivative Instruments.** We use derivative financial instruments to manage interest rate risks. The fair value of our interest rate swap agreements is the estimated amount that we would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates and the current credit worthiness of both us and the swap counterparties. The estimated amount is the present value of estimated future cash flows, being equal to the difference between the benchmark interest rate and the fixed rate in the interest rate swap agreement, multiplied by the notional principal amount of the interest rate swap agreement at each interest reset date

The fair value of our interest swap agreements at the end of each period are most significantly affected by the interest rate implied by the LIBOR interest yield curve, including its relative steepness. Interest rates have experienced significant volatility in recent years in both the short and long term. While the fair value of our interest rate swap agreements are typically more sensitive to changes in short-term rates, significant changes in the long-term benchmark interest rates also materially impact our interest.

The fair value of our interest swap agreements is also affected by changes in our own and our counterparty specific credit risk included in the discount factor. Our estimate of our counterparty's credit risk is based on the credit default swap spread of the relevant counterparty which is publicly available. The process of determining our own credit worthiness requires significant judgment in determining which source of credit risk information most closely matches our risk profile, which includes consideration of the margin we would be able to secure for future financing. A 10% increase / decrease in our own or our counterparty credit risk would not have had a significant impact on the fair value of our interest rate swaps.

The LIBOR interest rate yield curve and our specific credit risk are expected to vary over the life of the interest rate swap agreements. The larger the notional amount of the interest rate swap agreements outstanding and the longer the remaining duration of the interest rate swap agreements, the larger the impact of any variability in these factors will be on the fair value of our interest rate swaps. We economically hedge the interest rate exposure on a significant amount of our long-term debt and for long durations. As such, we have historically experienced, and we expect to continue to experience, material variations in the period-to-period fair value of our derivative instruments.

Although we measure the fair value of our derivative instruments utilizing the inputs and assumptions described above, if we were to terminate the interest rate swap agreements at the reporting date, the amount we would pay or receive to terminate the derivative instruments may differ from our estimate of fair value. If the estimated fair value differs from the actual termination amount, an adjustment to the carrying amount of the applicable derivative asset or liability would be recognized in earnings for the current period. Such adjustments could be material.

## Compliance with New Accounting Standards

We have elected to "opt out" of the extended transition period relating to the exemption from new or revised financial accounting standards under the JOBS Act and, as a result, we will comply with new or revised financial accounting standards on the relevant dates on which

adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised financial accounting standards is irrevocable.

## **Recent Accounting Pronouncements**

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material impact on our consolidated financial statements.

## **Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk from changes in interest rates and foreign currency fluctuations, as well as inflation. We may in the future use interest rate swaps to manage interest rate risks, but will not use these financial instruments for trading or speculative purposes.

### **Interest Rate Risk**

The LPG shipping industry is capital intensive, requiring significant amounts of investment. Much of this investment is provided in the form of long term debt. Our debt contains interest rates that fluctuate with LIBOR. The Company has entered into interest rate swap agreements to economically hedge its exposure to fluctuations of interest rate risk associated with substantially all of its borrowings. As of March 31, 2013 and 2012, we had economically hedged approximately 97% and 98%, respectively, of our debt to changes in interest rates, and hence we were not materially exposed to interest rate risk. Increasing interest rates could however adversely impact future earnings on new borrowings.

### **Foreign Currency Exchange Rate Risk**

Our primary economic environment is the international LPG shipping market. This market utilizes the U.S. dollar as its functional currency. Consequently, our revenues are in U.S. dollars and the majority of our operating expenses are in U.S. dollars. However, we incur some of our expenses in other currencies, particularly the Euro, the Japanese Yen and the Singapore Dollar. The amount and frequency of some of these expenses, such as vessel repairs, supplies and stores, may fluctuate from period to period. Depreciation in the value of the U.S. dollar relative to other currencies will increase the cost of us paying such expenses. For the years ended March 31, 2013 and 2012, 11% and 15% of our Predecessor's expenses, respectively (excluding depreciation and amortization, interest and finance costs and gain/loss on derivatives), were in currencies other than the U.S. dollar, and we expect the foreign exchange risk associated with these operating expenses to be immaterial. We do not have foreign exchange exposure in respect of our credit facility and interest rate swap agreements, as these are denominated in U.S. dollars.

The portion of our business conducted in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations.

### **Inflation**

Certain of our operating expenses, including crewing, insurance and drydocking costs, are subject to fluctuations as a result of market forces. Crewing costs in particular have risen over the past number of years as a result of a shortage of trained crews. Please read "Risk Factors—We may be unable to attract and retain key management personnel and other employees in the shipping industry without incurring substantial expense as a result of rising crew costs, which may negatively affect the effectiveness of our management and our results of operation." A shortage of qualified officers makes it more difficult to crew our vessels and may increase our operating costs. If this shortage were to continue or worsen, it may impair our ability to operate and could have an adverse effect on our business, financial condition and operating results" and "Business—Crewing and Staff." Inflationary pressures on bunker (fuel and oil) costs could have a material effect on our future operations if the number of vessels employed on voyage charters increases. In the case of the 3 of our 4 vessels that are time-chartered to third parties, it is the charterers who pay for the fuel. If our vessels are employed under voyage charters, freight rates are generally sensitive to the price of fuel. However, a sharp rise in bunker prices may have a temporary negative effect on our results since freight rates generally adjust only after prices settle at a higher level. Please read "Risk Factors—Changes in fuel, or bunker, prices may adversely affect profits.

### **Seasonality**

Liquefied gases are primarily used for industrial and domestic heating, as a chemical and refinery feedstock, as a transportation fuel and in agriculture. The liquefied gas carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of propane and butane for heating during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and the supply of certain commodities. As a result, demand for our vessels may be stronger in our fiscal quarters ending June 30 and September 30 and relatively weaker during our fiscal quarters ending December 31 and March 31, although 12-month time charter rates tend to smooth these short-term fluctuations. To the extent any of our time charters expire during the relatively weaker fiscal quarters ending December 31 and March 31, it may not be possible to re-charter our vessels at similar rates. As a result, we may have to accept lower rates or experience off-hire time for our vessels, which may adversely impact our business, financial condition and operating results. Please read "Our Fleet."

## THE LPG SHIPPING INDUSTRY

*The information and data contained in this prospectus relating to the global shipping industry has been provided by Poten & Partners (UK) Limited or “Poten & Partners,” and is taken from Poten & Partners’ database and other sources. Poten & Partners has advised that: (i) some information in Poten & Partners’ database is derived from estimates or subjective judgments; (ii) the information in the databases of other maritime data collection agencies may differ from the information in Poten & Partners’s database; (iii) while Poten & Partners has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures. We believe and act as if the industry data provided by Poten & Partners is reliable and accurate in all material respects.*

*Unless otherwise indicated, the following information relating to the global shipping industry reflects information and data available as of 1<sup>st</sup> of April 2014.*

### Introduction

Liquefied Petroleum Gas (“LPG”) shipping is a term referring to seaborne transportation services of LPG. LPG consists primarily of propane and butane, and is the second cleanest fossil energy source in CO<sub>2</sub> emissions after pipeline gas, used for heating and fuel (“retail demand”) as well as a petrochemical and refinery feedstock (“industrial demand”). These gases are transported in liquefied form to reduce volume and facilitate handling. Seaborne transportation is the most cost effective way of transporting these gases over the long distances between the major exporting and importing regions of the world.

The LPG shipping industry has in recent years experienced significant changes. Increased natural gas production translated in an increase in the supply of associated LPG. As a result, the volume of seaborne traded LPG has risen by 16% between 2009 and 2013. Growing gas production and processing in the Arabian Gulf (“AG”) and the United States (“U.S.”) in particular, is expected to further increase the volumes of seaborne transported LPG by an additional 30% by 2017, compared to 2013. The strong growth in unconventional shale oil and gas production in the US has created a significant surplus of associated LPG, leading to a price differential between US LPG and the LPG being exported out of the AG, where prices are traditionally linked to crude oil prices. This price differential alongside growing U.S. export infrastructure investments is encouraging an increasingly competitive, global LPG trade with larger volumes being transported over longer distances. Growing Asian retail demand and particularly price-sensitive petrochemical demand make sourcing the lowest-priced LPG possible ever more imperative for petrochemical producers. Seaborne LPG export volumes and the associated trade routes are the primary indicators of the health of the LPG shipping market. The new and developing long haul trade from the US to Asia, which grew from 0.35 mm t/y in 2011 to 1.1 mm t/y in 2013, is likely to become among the most important routes in the seaborne LPG trade.

With the industry shifting towards long haul and large volume trade, on the back of increased LPG supply out of the US and growing demand in Asia, 50% of the current LPG carriers orderbook is represented by the “fully refrigerated” segment best-suited to these requirements, in particular the Very Large Gas Carrier (“VLGC”) segment. The fleet of LPG ships sized above 12,000 cubic meters (“cbm”), the fleet involved in regional and long haul trading, increased 35% in total capacity terms between 2009 and 2013. This growth in shipping capacity has not been sufficient to keep pace with the growth in LPG supply seen between 2011 and 2012, resulting in a strengthening of charter rates across the segments. A strong VLGC orderbook has become important to covering the necessary ton-mile demand expected to be generated by new projects. This scenario has attracted new entrants to an industry where ownership is highly fragmented with a small number of industry leaders, placing newbuild vessel orders to capitalise on the expected growth of the seaborne LPG trade.

### *Overview of the LPG Market*

The LPG industry was initially developed, not by the oil majors, but by smaller companies. This history shapes the industry and even though it has become more commoditised, it remains a relatively small niche market, by the standards of the wider oil, gas and refined products sector. In shipping terms, the total LPG shipping fleet amounts to some 1,270 compared to a fleet of 3,500-4,000 assets in the crude and product tankers market.

LPG consists of propane and butane, petroleum gases which originate either from crude oil, as associated gas, and/or from natural gas, as (non-associated gas), which accounts for 60% of LPG supply. The other 40% of LPG production originates from crude oil refining. Despite being gaseous at ambient pressure and temperature, propane and butane both liquefy relatively easily under pressure, refrigeration or some combination of the two. Unlike natural gas or crude oil and its major refined products, LPG emerges as a by-product from industrial processes aimed primarily at other ends, so producers are generally unable or unwilling to moderate supply in order to match demand. Price is the one and only mechanism available to balance the market, by increasing demand in times of surplus, or to meter out limited supply in times of scarcity. In times of surplus, a fall in LPG prices incentivizes the transportation of the LPG from a region of surplus to the region in deficit. Transportation costs frequently react with a relative rise in rates.

LPG is the second cleanest fossil energy source in CO<sub>2</sub> emissions after pipeline gas and has numerous applications. It is used for residential/commercial heating, cooking, fuel for transport (often known as autogas) and as a feedstock in petrochemical and refinery processes.

Although tied to refining and the production of natural gas and crude oil, LPG has its own distinct supply chain and market structures. LPG is substitutable in many of its applications and its pricing is therefore influenced by its competition with other fuels or feedstocks.

LPG is a global industry. Much of the LPG supply is derived from countries that are distant from consuming regions. LPG is transported by ship in liquid form in large vessels such as VLGCs, where the propane and butane are kept at -42°C and -6°C respectively. There have historically been links between the prices in different regions; the Middle East, the Far East, Africa, Europe and the United States, a linkage that has grown stronger in recent years. A price differential nevertheless continues to exist between the U.S. and both the AG and Europe. Prices of US propane remain influenced by the oversupplied US domestic propane market, and are linked to natural gas prices, whereas AG and Europe prices are linked to the prices of crude oil.

Figure 1 below provides a high-level overview of the LPG value chain.

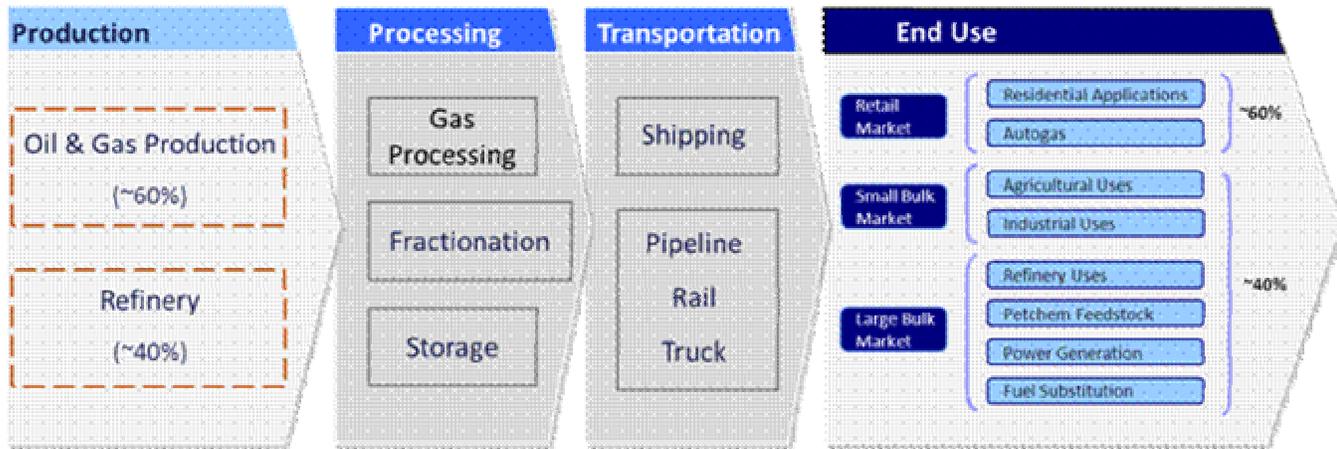


Figure 1: The LPG value chain

Supply and Demand of LPG

LPG Supply

The development of the natural gas and its associated Liquefied Natural Gas (LNG) industry in recent years has brought with it increasing quantities of LPG. The production of LPG from processing gas (both gas “associated” with crude oil production and “non-associated”, produced in its own right) now accounts for more than 50% of total LPG output. One particularly significant contribution has come from the start-up of Qatar’s LNG trains in 2011, which have resulted in a 100% rise in the country’s LPG exports and made it the number one exporter worldwide at 10 mm t/y (million metric tonnes per year).

Refinery production accounts for most of the remaining LPG production. However, refinery LPG is mostly consumed within national boundaries and only small volumes are exported.

LPG is exported overland and by sea. Truck and rail are the most common means for overland transport, but pipeline exports also exist in certain countries. The vast majority of LPG exports are transported by sea. The seaborne trade market has developed as oil-and gas-rich countries with limited LPG requirements have sought to move their supplies to countries with large industrial and consumer demand for LPG. Due to the large distances between many areas of LPG production and consumption, seaborne transportation of LPG is either the only way, or the most cost efficient way, of transporting LPG between producing and consuming regions.

Seaborne exports account for approximately a quarter of global LPG production. Global LPG seaborne trade has doubled since 1990, growing from a mere 33 mm t/y to surpass the 68 mm t/y mark in 2013. Figure 2 shows the development in the seaborne LPG trade.

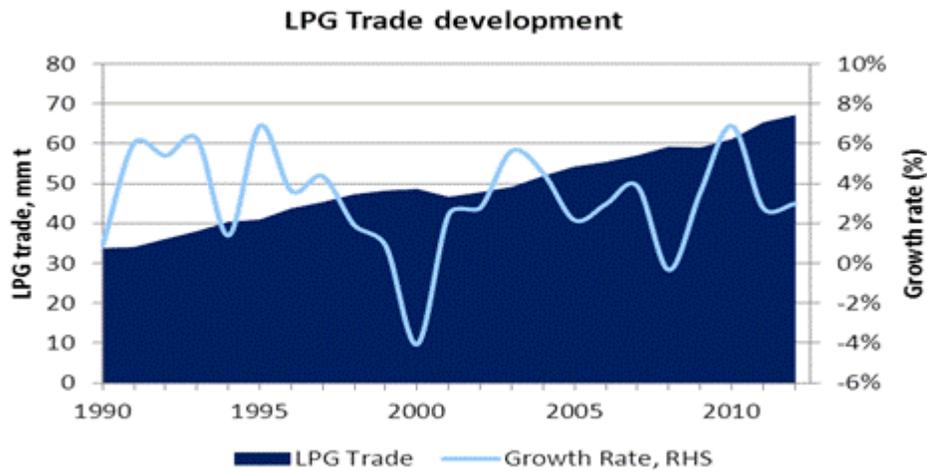
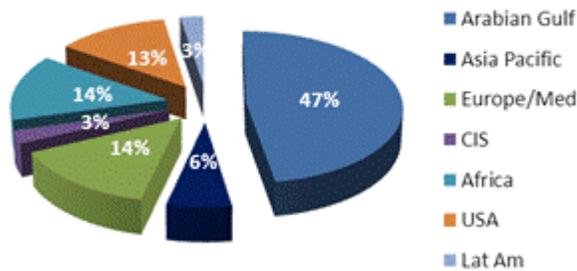


Figure 2: Seaborne LPG trade development

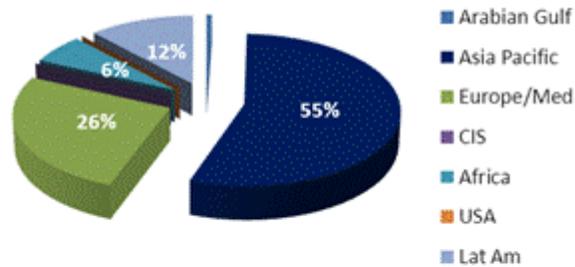
Currently, there are six regions exporting LPG. Exporting regions are typically grouped into the “Eastern” or the “Western” market, depending on if the exporting regions are located East or West of the Suez Canal. The exporting regions in the Eastern market consist of the Arabian Gulf and Asia Pacific, while the principal exporting regions for LPG in the Western market are North Africa, the North Sea, West Africa and since 2012, the United States. Overall there are around 40 exporting countries today, with ten of these countries together accounting for over two thirds of global seaborne exports. Figure 3 and Figure 4 illustrate the composition of global LPG exports and imports by region for 2013, respectively.

Global LPG Exports by Region 2013



-Source: Poten & Partners

Global LPG Imports by Region 2013



-Source: Poten & Partners

Figure 3: Global LPG exports by region 2013

The Arabian Gulf is the largest hub for LPG exports, mainly destined for the Asian markets. Major exporters include Saudi Arabia, Qatar and the United Arab Emirates (“UAE”). The AG accounts for approximately 50% of world seaborne trade.

The U.S. is however set to become the largest LPG exporter in the world by 2015. While 2013 exports were only at 8.7 mm tonnes, these are expected to double by 2017 on the back of additional export projects from which supplies have already been committed to buyers. The U.S., being distant from the major import markets, has built export facilities principally oriented towards loading VLGCs, which is the primary vessel type used for large volume exports.

Between 2008 and 2013, the US has transitioned from being considered the LPG sector’s importer of last resort, to the fastest-growing LPG exporter in the world.

North Europe/Mediterranean seaborne exports come mainly from three countries: Norway and the United Kingdom in the North Sea, and Algeria for the Mediterranean region. Altogether these producers account for 60% of Europe/Mediterranean seaborne exports. While Norwegian and UK LPG production is at best likely to remain flat, Algerian output offers great growth potential in the future.

West African exports are primarily made up of Nigerian, Angolan and Equatorial Guinean volumes. These only represent around 5% of the international trade annually. However, their importance to the VLGC trade is greater than the market share suggests as West African exports often act as the global market’s swing supplier and are able to create strong ton-mile demand when volumes are directed to the Asian markets.

Australasia (Australia and East Timor) represents the largest exporting hub in the Asia Pacific region. Exports out of this region are based on VLGCs loading for transport to Japan, Korea and China.

*LPG Demand*

The largest consumer of LPG globally is the retail market, with around 60% of the total consumption of LPG, represented by consumption of LPG for transport, heating or cooking by end-users such as individuals or businesses. Roughly 200 mm tonnes of LPG are consumed annually by the retail sector. The remaining volume, around 40% of total consumption, is absorbed by large bulk applications such as the petrochemical industry or what is termed as small bulk applications for industrial use. Within this total consumption, demand is satisfied primarily by local supply (including road, rail and barge). Seaborne imports nevertheless provide almost 25% of the total. There are around 60

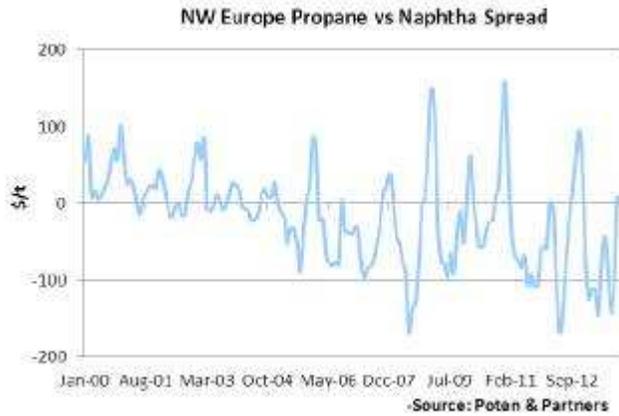
countries involved in seaborne LPG imports. Asia Pacific (mainly Japan, Korea, India and China) and Europe/Mediterranean are the primary importing areas. In addition to the traditional retail (cooking, heating and autogas) demand for propane and butane, the large petrochemical industries in both regions offer a large outlet for LPG to be consumed as feedstock.

Asia is the world's largest importing region for LPG, absorbing roughly 56% of world seaborne imports. Europe and the Mediterranean follow, with roughly 30% of the seaborne market share. Asia is the fastest growing LPG importing area, and with new Propane Dehydrogenation ("PDH") plants being constructed in China and South Korea to provide increased domestic supplies of polypropylene, Asian demand is expected to grow by 45% between 2013 and 2017.

Latin America imports LPG solely for retail purposes. Brazil has been the largest Latin American importer of the product, importing around 25% of the region's seaborne LPG in 2013; however Chile and Ecuador on the Pacific coast are also large importers together accounting for 17% of Latin American imports in 2013. Growth of U.S. exports has prompted a rise in consumption within Central and South America. Between 2009 and 2013, imports of LPG to Latin America grew by 75%.

Retail demand is the backbone of LPG consumption. History has shown that imports for retail demand rarely grow without governmental intervention, typically in the form of subsidies or other benefits for switching fuels. As a result, to remain competitive relative to other, cheaper fuels such as kerosene and firewood, governments are often seen as required to intervene with programmes making LPG economically viable for their populace at large. For example, in India the government has promoted the use of LPG in rural areas through a number of subsidies offered. Other countries impose a ceiling on the price of LPG that is sold to the population. Once subsidies are in place and the benefits of a comparatively clean fuel are experienced, consumers of LPG are unlikely to accept a reversal to kerosene or firewood. The continuation of subsidies remains a critical variable for the success of such scenarios.

Petrochemical demand for propane and butane comes from on-purpose and flexible petrochemical plants. On-purpose plants are built for the specific use of propane or butane for production of propylene or butadiene. Flexible plants on the other hand are built with the capability to utilize multiple feedstocks — while many will use naphtha as a first-choice preference, they will nevertheless switch to LPG as a feedstock when the discount of LPG to naphtha becomes wide enough. As a result, this demand is termed as "price sensitive". In 2012 & 2013, low prices for propane out of the U.S. prompted a significant switch in feedstocks, with propane being the favoured feed in Europe. Propane was therefore imported from the U.S. to Europe in order to accommodate the growth in demand. Similar principles apply to propane and butane in Asia, although Asia's primary alternative to naphtha as a feedstock remains butane. Propane and butane demand as feedstock to the petrochemical industry impact directly the shipping markets as further LPG cargoes are purchased for petrochemical consumption at the expense of naphtha. Figure 5 shows the development in propane and naphtha prices in Northwest Europe, while Figure 6 shows the price spread of the propane price less the naphtha price.



**Figure 5: Northwest Europe propane and naphtha prices**      **Figure 6: NW Europe propane and naphtha spread**

In Asia, China has strong demand for propylene used for a wide variety of applications in the plastics industry. Instead of relying on importing propylene for the production of polypropylene and other derivatives, Chinese petrochemical players are building PDH units which are expected to run on low-priced propane, currently available from the U.S.

**LPG: Trade and Shipping**

LPG trade has grown at an average rate of 4% annually since 2000. The largest trade route has historically been between the Arabian Gulf and the Far East, with significant trade also moving from the AG to Western markets such as Europe and the Mediterranean region. As a result of its predominance in volume terms, the AG to Far East route has become the most liquid trade route in the LPG industry on which the Baltic LPG assessment is computed. The Baltic LPG route (LPG1) consists of an assessment of the AG to Japan (Ras Tanura — Chiba) freight rate based on a VLGC carrying 44,000 t, 5%, 1-2 grades fully-refrigerated LPG cargo, with laydays 10/40 days in advance, and vessels with a maximum age of 20 years. Information is collected from a number of major shipbrokers around the world which is then collated and published daily by the Baltic Exchange. The VLGC short term Time Charter Equivalent is computed on the Baltic’s assessments converting freight rates in \$/t to monthly rates in thousands of dollars per month. Figure 7 shows the number of VLGC cargoes exported out of the various regions for the period January 1, 2013 to December 31, 2013, highlighting both the importance of the AG as the main exporting region and the increasing exports from the U.S.



**Figure 7: Number of VLGC cargoes exported by region in 2013**

Seaborne trading and distribution patterns are primarily influenced by the relative advantage of the various sources of production, locations of consumption, pricing differentials and seasonality. The development of low cost shale gas and

associated gas liquids in the U.S. has prompted a major shift in LPG trade routes. Volumes that used to move from the AG to Europe have now been reduced and replaced by U.S. volumes. Currently, around 1.1 mm t/y is exported from the Arabian Gulf to Western markets, compared to some 2 mm t/y in 2012. The trade pattern has shifted as more Western produced cargoes are exported, primarily on VLGCs, to Eastern markets. Longer transportation routes have thus been created. This is expected to impact the supply of vessels readily available to charterers, as longer distances increase voyage durations, subsequently increasing the time vessels are unavailable to the market. Figure 8 shows the main seaborne LPG trading routes for 2013.

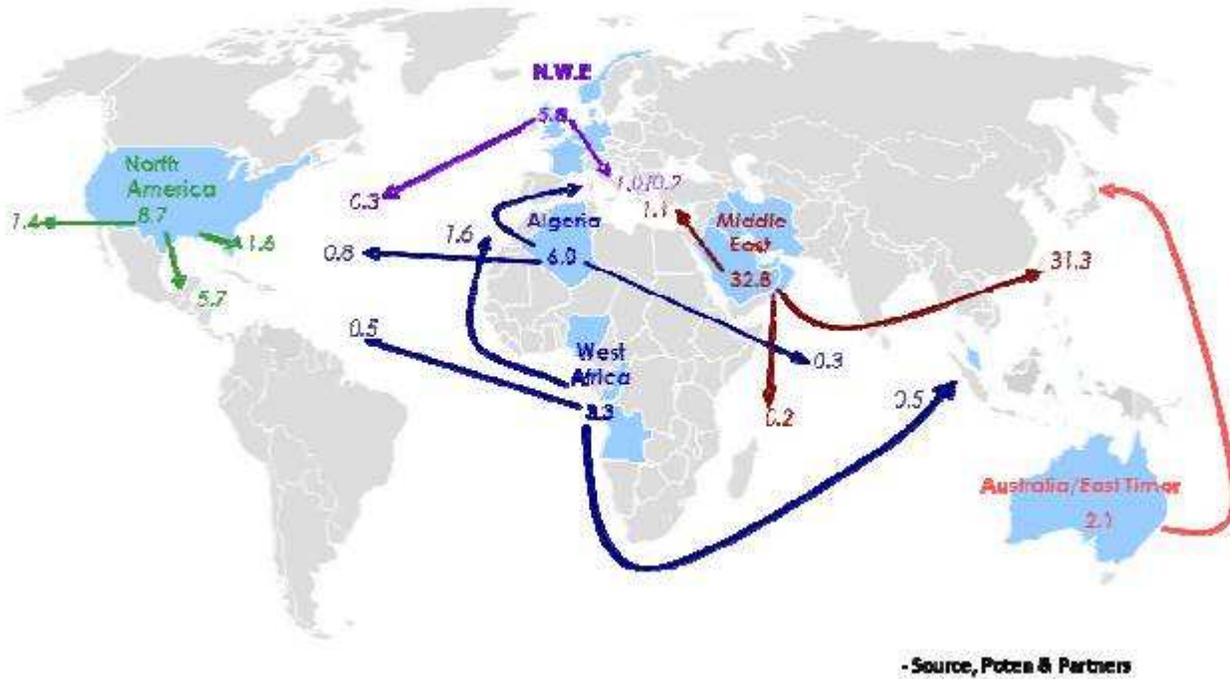


Figure 8: Main seaborne LPG trading routes 2013 (in millions of tonnes per year)

Increased natural gas production, particularly in the Middle East and in the United States has been the main driver for the strong growth in world LPG exports between 2009 and 2013. The development of the West to East trade is likely to persist in the future, as Asian demand for LPG grows and low LPG prices in the U.S., incentivize the move of LPG volumes to the East. Poten & Partners project strong export growth over the next two years from Western markets, particularly the U.S.

Figure 9 shows the long-term historical development and Poten & Partner’s view on the expected future development in global seaborne LPG exports.



Figure 9: Global seaborne LPG trade development

Figure 10 and Figure 11 show a detailed regional overview of the development in exports and imports, respectively.

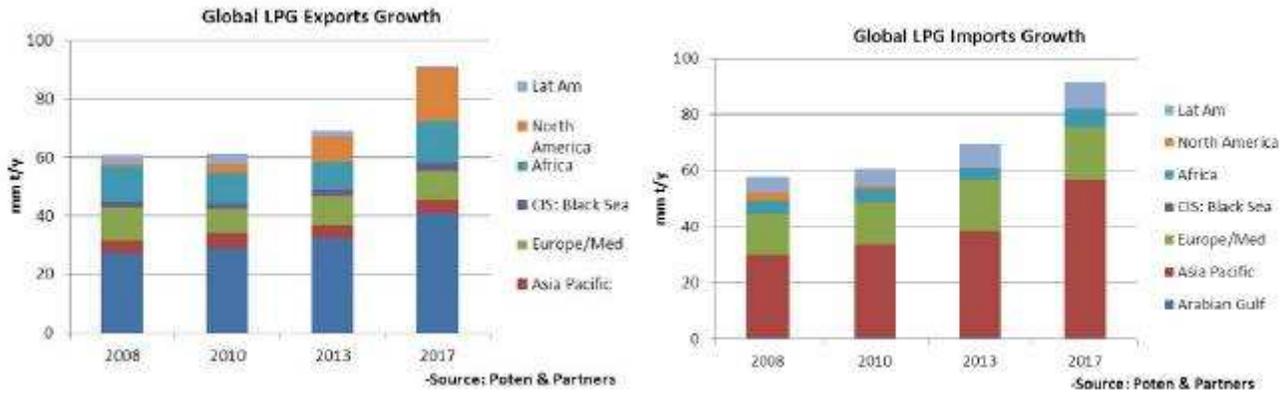
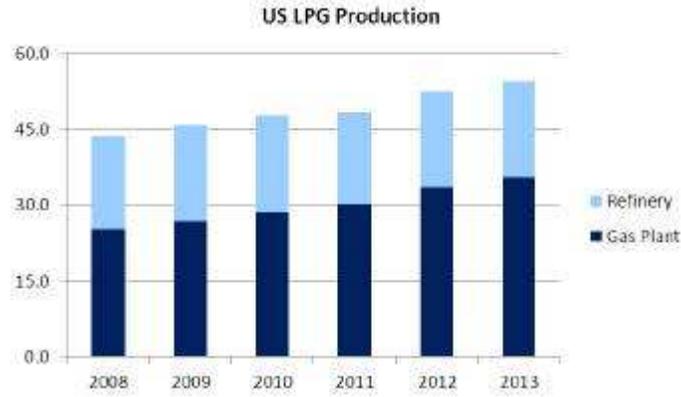


Figure 10: Global seaborne LPG exports by region in 2013 Figure 11: Global seaborne LPG imports by region in 2013

*Key Recent Developments*

U.S. shale gas production has increased five-fold over the last five years, and is set to continue growing. US gas plant production has represented around 58% of total LPG production in 2008. In 2012, this figure rose to nearly 65% of the total. Total US LPG production as a result has grown from the low 40 mm t in 2008 to nearly 55 mm t in 2013. Figure 12 indicates the LPG production split between refinery and gas plant in the US.



**Figure 12: U.S. LPG production by source (2008-2013)**

In 2010, production from U.S. unconventional gas surged, primarily driven by the shale plays of the Bakken, Eagle Ford and Marcellus formations. Map 1 shows the location of the various shale producing areas and Figure 13 shows the historical and expected development of U.S. natural gas production.



**Map 1: U.S. shale producing basins**

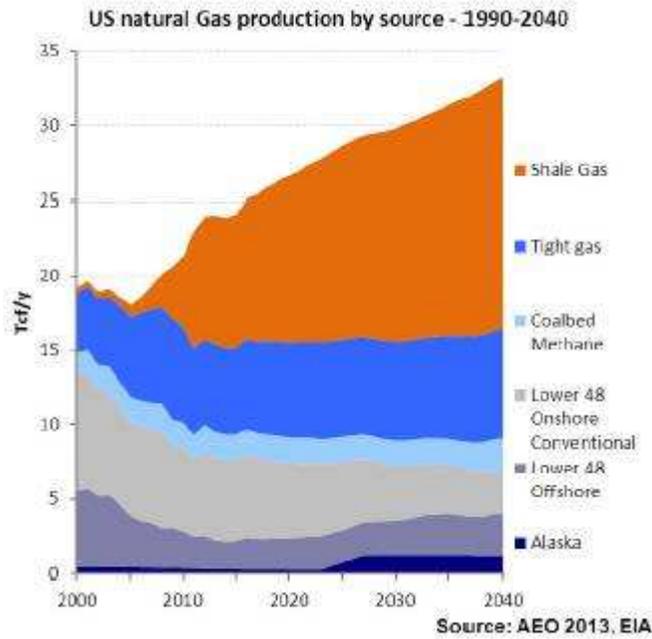


Figure 13: U.S. natural gas production by source (1990 — 2040)

**U.S. NGL Market Evolution**

U.S. NGL production is undergoing unprecedented change since the beginning of this decade. The once static to declining NGL market in the U.S. is now booming. The driving force behind this historical turn of events has been the so called “shale gas revolution”. “Shale gas” consists of natural gas trapped within shale formations. Shale is fine-grain sedimentary rock and can contain significant volumes of oil and gas. In the recent past, extraction of hydrocarbons out of these formations was considered uneconomical. However, over the past decade, technological advancements in horizontal drilling and hydraulic fracturing made this form of natural gas and petroleum production viable. This event revolutionized a market that was considered to be in decline and led to widespread upstream, midstream and infrastructure development, resulting in a rapidly expanding industry with high production growth. Figure 13 shows the historical and expected development of U.S. natural gas production and Figure 14 shows the production of U.S. natural gas liquids.

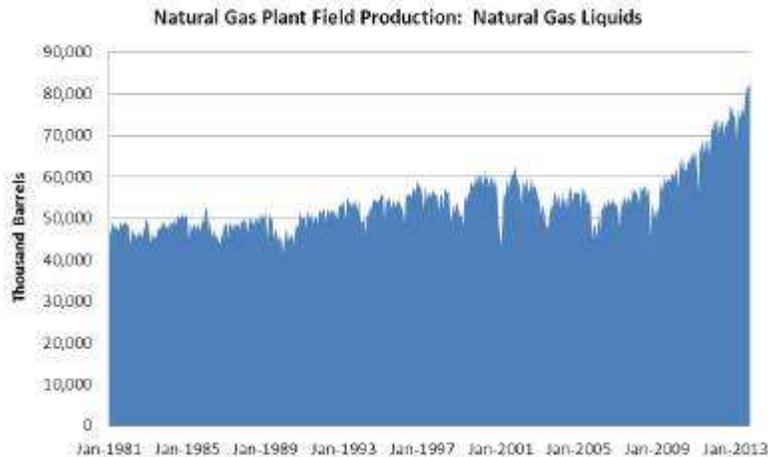
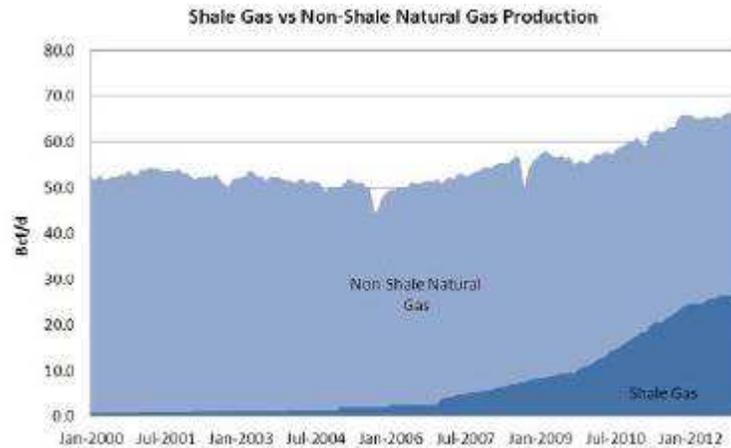


Figure 14: U.S. Gas Plant Production of Natural Gas Liquids and Liquid Refinery Gases (EIA)

As a result, shale gas production has grown exponentially, accounting for an increasingly large portion of total U.S. gas production. The growing shale gas production has also meant a 56% increase in NGL production in the U.S. between January 2009 and October 2013; this is primarily comprised of ethane, LPG (propane, butane and isobutane), pentanes and condensate. The fastest growing commodities in the NGL spectrum have primarily been ethane and propane. The inability of the U.S. domestic demand to consume the excessive production of those two products, has led to a collapse in the domestic price earlier in the decade. The lack of adequate infrastructure needed to move the Y-grade to the domestic consuming areas, alongside limited LPG export terminal capacity, has created an over-supplied market with rising inventories and insufficient mobility. This oversupply, together with the lack of infrastructure, prompted additional investments in inland midstream infrastructure and shoreside export infrastructure, with the intent to balance the domestic market and connect the U.S. with the international consumers. Figure 15 describes the growth of shale gas against the production developments of non-shale gas.



**Figure 15 : Shale vs Non-Shale Natural Gas Production (EIA)**

The oversupply of ethane has kept prices down to levels below all the other NGLs. A number of new steam-cracker projects and expansions, primarily in USGC, are set to consume a large portion of the available ethane. There are also plans aimed at exporting ethane overland to Canada and seaborne to Europe, which shall further decompress this market.

On the propane/LPG front, LPG export terminal capacity has expanded drastically over the course of 2013 and a number of newly announced terminal projects are set to start up within the next few years. The expansion of LPG export terminal capacity should balance the US's oversupply by facilitating its movement to global LPG consuming markets. Unlike ethane, LPG has a foreign market and a network of global infrastructure already in place to receive large quantities. A number of propane dehydrogenation units (PDH plants) are planned to start up in the US in the next few years and are expected to consume some further volumes of propane.

In 2009 the United States became, for the first time in history, a net exporter of LPG. Between 2009 and 2013, U.S. seaborne exports grew by 250%. So far, these have been mainly propane shipments. Poten estimates that these U.S. exports may increase from approximately 8.7 mm t/y in 2013 to approximately 15 mm t/y in 2015. The incremental LPG derived from U.S. shale production is expected to continue having the potential to penetrate international markets due to its excess volume and competitive pricing. Worldwide LPG price differences are a key driver for exports. Additionally, LPG is used extensively as a feedstock in the petrochemicals industry, competing with other feedstocks such as naphtha. Price differences between various feedstocks are the important drivers affecting petrochemical demand for LPG. Figure 16 shows the development in the U.S. LPG trade balance. Please note that the LPG trade balance reported by the Energy Information Administration also includes petrochemicals in addition to propane and butane.

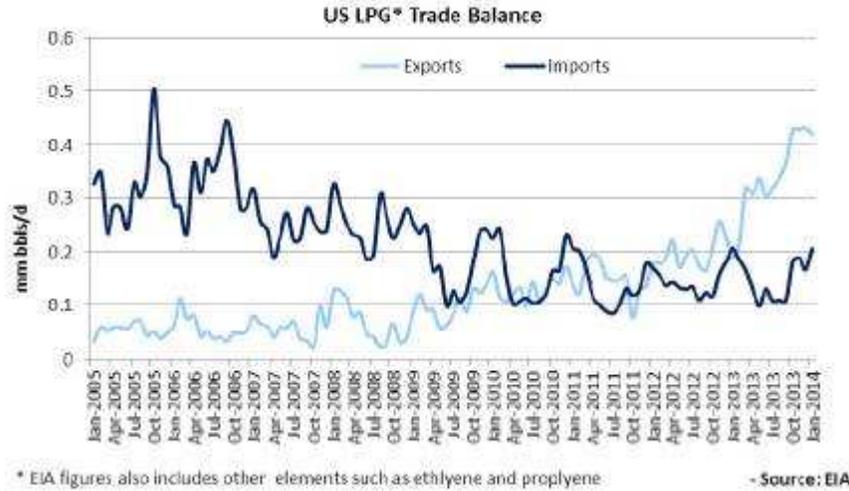


Figure 16: US LPG trade balance

The recent increase in exports has been driven mainly by the growth in export terminal capacity. Terminal capacity growth is backed by investments from groups including Targa Resources at Galena Park, Enterprise Products Partners at the Houston Ship Channel, Sunoco Logistics Nederland Terminal, Sunoco Marcus Hook in the East Coast and Occidental Petroleum Corporation at Ingleside. Figure 17 shows the planned growth in US LPG export terminal capacity and the equivalent number of VLGC liftings per month. Such prospective terminals service a variety of vessel sizes but if translated purely into VLGC capacity, this would represent a terminal capacity of over 80 VLGC-sized cargoes loading per month in 2017.

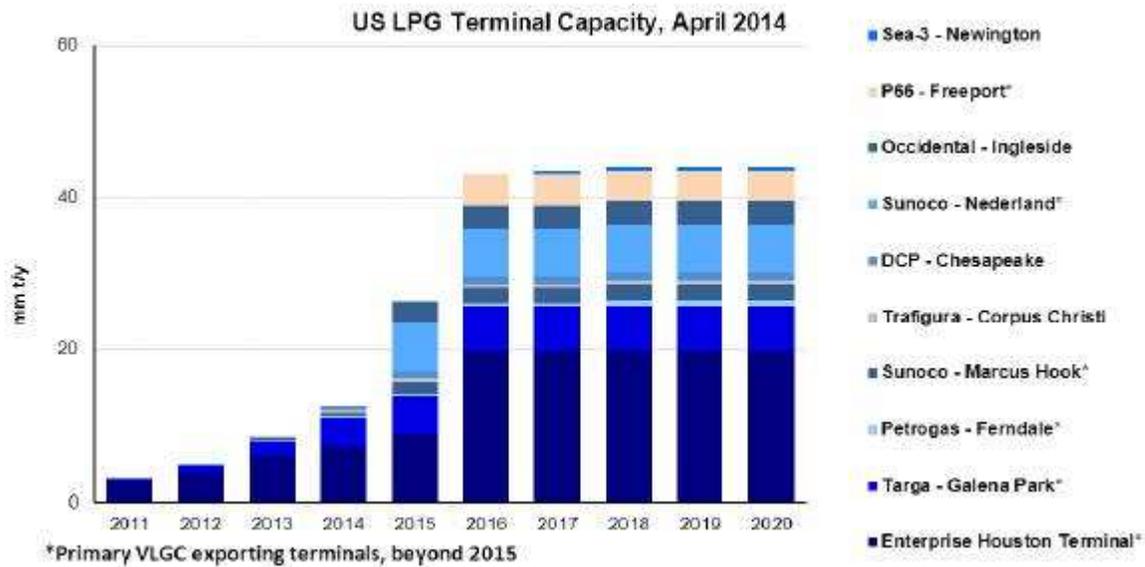
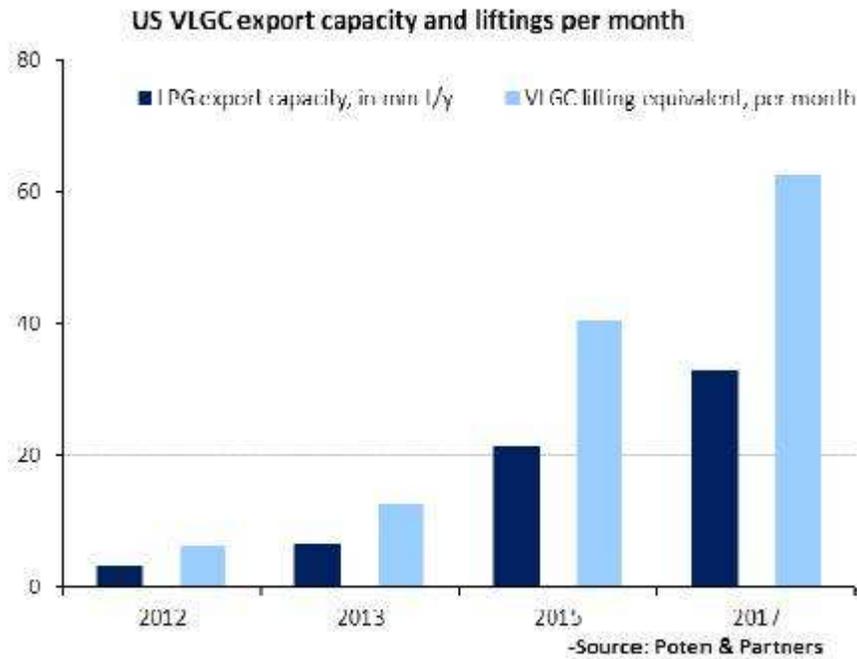


Figure 17: US announced LPG export terminal capacity



**Figure 18: US LPG export terminal capacity and equivalent monthly VLGC liftings**



**Figure 19: US LPG Demand by Industry**

US LPG demand is dominated by large bulk consumption, which consists of steam cracking and propane dehydrogenation units. Relative to butane, propane is the primary feedstock used in the petrochemical industry, accounting for some 60% of large bulk demand for LPG.

Retail demand, however, consisting of the residential, agricultural, industrial and autogas markets, fell sharply between 2008 and 2013, largely due to increased consumption of natural gas at the residential/commercial level. Poten estimates US retail demand fell from 18 mm t in 2008 to 13.3 mm t in 2013 due to lower commercial and residential use of LPG.

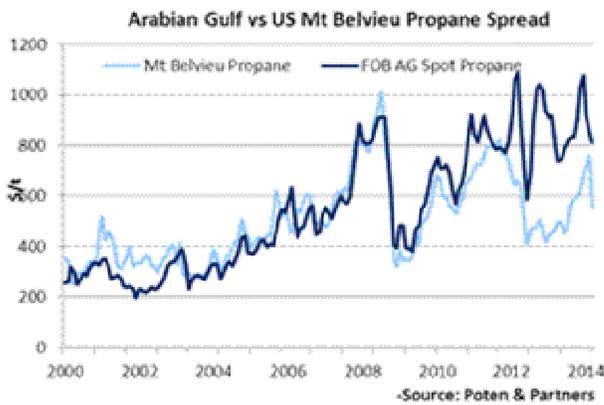
Growth in domestic US petrochemical demand may reduce export volume estimates beyond 2016 as propane consuming units under construction by Enterprise Products Partners and Dow start up. Figure 20 shows the prospective propane consuming units under construction as of April 2014.

US prospective PDH plants			
Company	Area	2015	2020
'000 tons/year propylene			
Dow	Freeport	750	1500
Enterprise	Houston	750	750
Formosa	Pt Comfort		600
Ascend	Chocolate Bayou		1000

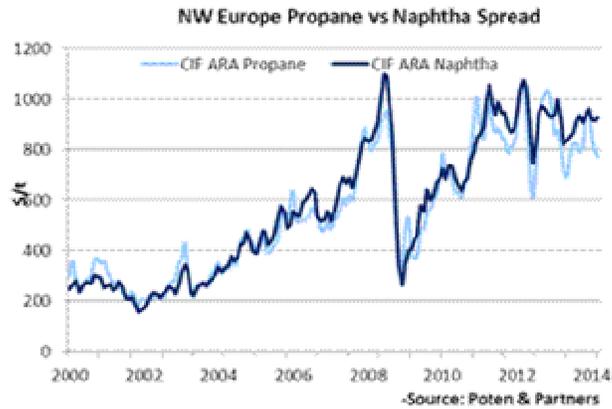
**Figure 20: US prospective PDH plants**

The rise in production and low availability of export capacity in the US has caused LPG prices in the country to decrease significantly relative to all other major markets, such as Europe and the Arabian Gulf. The wide inter-regional price difference has encouraged major LPG importers in the Far East, primarily from Japan, South Korea and China, to sign medium term contracts to lift LPG out of the US’s Enterprise Product Partners and Targa Resources export facilities on VLGCs.

Several of those players, starting with Astomos Energy Corporation, have announced that they will sell propane into Japan on a U.S. pricing basis due to propane price differentials between the U.S. (as measured by the Mt Belvieu price) and the AG (as measured by the FOB AG spot propane price). Figure 21 shows the development in propane prices in the U.S. versus the AG, while Figure 22 shows the development in the price as measured by the AG price less the US price.



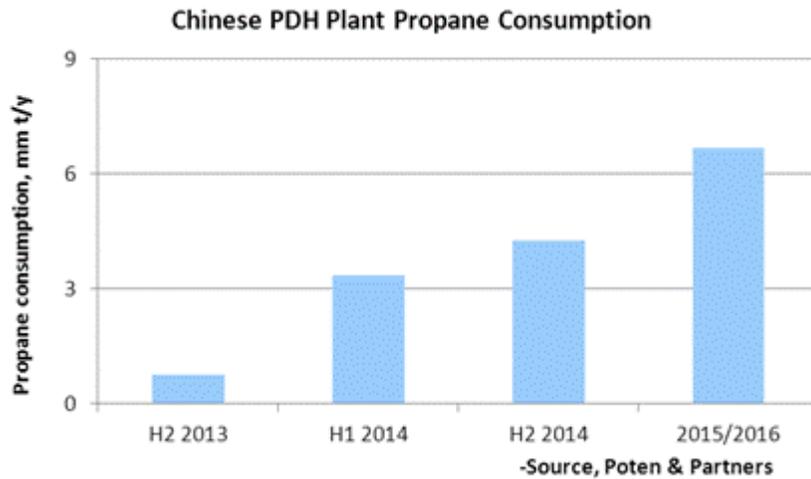
**Figure 21: US and AG spot propane prices**



**Figure 22 : US and AG propane spread**

From a demand perspective, China, short of propylene, has embarked on building a series of new “on purpose” propylene production plants, so-called Propane Dehydrogenation units, which produce propylene by using propane as a feedstock. These PDH plants will run on the lowest-cost imported propane. As of September 2013, the first of a series of ten PDH plants was up and running, set to consume 750,000 t/y of propane. The remaining nine are likely to be online by 2016, with a capacity to consume another 5.5 mm t/y of imported propane.

Figure 23 shows the development in the expected propane consumption of the PDH plants currently being constructed. Several additional Chinese PDH plants are currently in the planning stages while another two Butane Dehydrogenation Plants, “on purpose” butadiene production plants are now under construction.



**Figure 23 : Chinese PDH plant propane consumption**

The demand for gas carrier capacity is primarily determined by the supply of LPG, ammonia, and petrochemical gases and the distance that such gases must be transported. Shipping demand for LPG has been very strong in the VLGC segment on the back of strong US exports and the long haul voyages required. VLGCs carry more than 50% of all the LPG traded worldwide.

Charter rates and vessel values for gas carriers are influenced by the supply of, and demand for, seaborne gas cargo carrying capacity and are consequently volatile. The supply of gas carrier capacity is primarily a function of the size of the existing world fleet, the number of newbuildings being delivered, and the scrapping of older vessels.

As of 1 April, 2014, there were 1,272 LPG carriers with an aggregate carrying capacity of 21.5 mm cbm in the world fleet and a further 191 carriers totalling 8.7 mm cbm on order for delivery by the end of 2017. There are 177 vessels in the world fleet above 40,000 cbm in size, and there are, 81 vessels on order and 7 vessels over 25 years of age.

### The LPG Carrier Fleet

LPG carriers are an integral part of the global energy and petrochemical industry. “LPG carrier” is the generic term used to describe any vessel that transports LPG, ammonia and/or petrochemical gases. Under normal ambient temperatures and pressures, LPG, ammonia and so-called petrochemical gases (such as ethylene and vinyl chloride monomers) exist in a gaseous state. In order to reduce their volume and facilitate handling, these products are liquefied for seaborne transportation in LPG carriers.

*Fleet overview*

There are several types of LPG carriers: (i) fully-pressurised vessels that rely solely upon high pressure to maintain the gas in liquid form, (ii) fully-refrigerated vessels that maintain cargo in a liquefied state by chilling gases to temperatures below their boiling point and (iii) semi-pressurised refrigerated vessels (commonly known as semi-refrigerated vessels) employing a combination of refrigeration and pressurisation.

As of 1 April, 2014 there were 1,272 LPG carriers in the world fleet, including: (i) 687 pressurised vessels; (ii) 314 semi-refrigerated vessels; and (iii) 271 fully-refrigerated vessels. The fully-refrigerated LPG carrier fleet had as of this date an aggregate capacity of 16.7 mm cbm, compared to 15.4 mm cbm capacity at the end of 2012. Generally, LPG and ammonia gases are transported in relatively large volumes on fully-refrigerated vessels on long-haul routes. Petrochemical gases are generally carried in semi-refrigerated or fully-pressurised vessels under 23,000 cbm. At the end of 2012, there were 145 VLGCs in service, with a capacity of 11.6 mm cbm. By April 1<sup>st</sup> 2014, this number rose by 1.1 mm cbm with thirteen new VLGC deliveries. Table 1 provides an overview of the world LPG carrier fleet and orderbook.

World LPG Carrier Fleet Profile, April 2014									
Type	Vessel Segment	Size cbm	Fleet		Share of cbm %	Average Age Years	Orderbook		Share of cbm %
			Number	'000 cbm			Number	'000 cbm	
Fully Refrigerated	VLGC	> 60,000	158	12,679	59%	11.0	78	6,520	75%
	LGC	40,000-60,000	19	1,107	5%	12.5	3	180	2%
	MGC	18,000-39,999	94	2,924	14%	12.0	20	830	10%
Semi-Refrigerated	Large Semi-Ref	12,000-35,000	75	1,319	6%	12.5	44	833	10%
	Small Semi-Ref	3,000-11,999	239	1,541	7%	15.0	5	30	0%
Pressurized	Large Pressurized	5,000-11,600	47	368	2%	11.0	19	182	2%
	Small Pressurized	<5,000	640	1,595	7%	20.0	22	98	1%
<b>Total</b>			<b>1,272</b>	<b>21,533</b>	<b>100%</b>	<b>13.4</b>	<b>191</b>	<b>8,673</b>	<b>100%</b>

**Table 1: World LPG carrier fleet and orderbook overview**

Not all LPG carriers are capable of carrying ammonia, ethane and certain petrochemical gases such as ethylene and VCM, the transportation of which requires specific design or containment features. The previous liquefied gas cargo(es) that the vessel has carried (“last cargo(es)”) may also be a further constraint to flexibility between cargo types, as some charterers, as a general rule, will not accept certain gases as a last cargo, for example ammonia before LPG and/or petrochemicals or butadiene prior to an LPG parcel in order to avoid contaminations of the cargoes carried.

*LPG carrier segments*

The ship designs and segmentation of vessel sizes of LPG carriers define their trading patterns and the typical industry lots of the product transported. Vessels above 25,000 cbm in size are almost exclusively fully-refrigerated and carry LPG or ammonia, while vessels below 25,000 cbm are typically either semi-refrigerated or pressurised with the capability to carry petrochemicals in addition to LPG and ammonia.

**Larger than 60,000 cbm — Very Large Gas Carrier:** Fully-refrigerated VLGCs represent around 60% of the LPG fleet by cubic capacity. They carry LPG on long-haul routes from the Arabian Gulf to Asia and occasionally to Europe/Mediterranean, from West Africa and North Africa to Europe/Mediterranean and the Americas and more recently from the US to Europe and Asia. The current standard designs for VLGCs are 78,000 cbm or 82,000—84,000 cbm, and most discharge ports cannot accommodate larger vessel sizes due to the physical size of the vessels or limitations in the capacity of the storage tanks on land.

**40,000-60,000 cbm - Large Gas Carrier:** LGCs are the least numerous sector of the LPG fleet but represent around 5% of the fleet by cubic capacity. They are fully-refrigerated vessels that primarily transport LPG from West Africa to the

Americas and Europe, North Africa to Europe, the Arabian Gulf to Brazil. They are also used to transport ammonia, typically from the Black Sea to the US and also to Asia.

**18,000-39,999 cbm — Medium Gas Carrier:** Medium-sized Gas Carriers, or MGCs, represent around 13% of the LPG fleet by cubic capacity. They are primarily fully-refrigerated and transport LPG between the Arabian Gulf, India and the Mediterranean, as well as undertaking medium-distance cross-trades in the North Sea and Europe and exports from North Africa. They also carry ammonia from the Arabian Gulf to Asia, within Asia and Australasia, and from the Caribbean to the US.

**12,000-35,000 cbm — Large Semi-Refrigerated:** This segment primarily consists of LPG and ammonia transport vessels and represents around 6% of the overall fleet by cubic capacity. These vessels have the flexibility to carry up to 12 different cargoes and typically perform in coastal and inter-regional trades as they offer flexibility to load and discharge at refrigerated and pressurised storages alike. The main trading routes are within Europe and the Mediterranean, between the US Gulf Coast and Central America and also within South East Asia.

**3,000-11,999 cbm — Small Semi-Refrigerated:** This sector represents around 7% of the LPG fleet by cubic capacity. The principal cargoes in this segment are petrochemical gases, including ethylene. The semi-refrigerated vessels under 6,500 cbm participate primarily in short-haul trading within Europe and Asia while the vessels over 6,500 cbm also operate in the medium- to long-haul markets. In petrochemicals, the main trading routes are transatlantic, Arabian Gulf-East, intra-Europe and intra-Asia. In LPG, the main routes are intra-regional Europe, Indonesia and North/West Africa.

**0-11,600 cbm — Pressurised:** The smallest class of vessels is the most numerous, but contributes less than 9% of overall fleet capacity. The trading patterns of these vessels generally consist of short-haul “cross-trading” or intra-regional and coastal routes, which include hauls throughout the Far East, the Mediterranean, Northwest Europe and the Caribbean.

### *Contract Types*

A ship owner can employ a vessel in a range of ways:

**Time Charter:** Contract for hire of a vessel for a certain period of time whereby the vessel owner is responsible for providing crew and paying operating costs. The charterer is responsible for fuel and other voyage costs.

**Voyage Charter:** Income is per voyage and earnings are dependent on market conditions. All costs are to owners’ account.

**Bareboat charter:** The owner charters the vessel to another company (the charterer) for a pre-agreed period and a daily rate. The charterer is responsible for operating the vessel, including crewing, maintenance and insurance and for paying charter rates.

**Contract of affreightment (COA):** An agreement to carry pre-agreed quantities of specific cargo on a particular route over a given period of time with particular ships or vessel type(s) within specified restrictions, rates and notice period. The owner is not required to use a specific vessel to transport the cargo, but instead may use any suitable vessel in the fleet.

Long-term time charters (5-10years) are not common in the LPG industry. Most time charters in the VLGC market are done on a one-three year basis. The abundance of cargoes out of the Arabian Gulf has established liquidity in the market and has allowed for a larger spot trade for VLGCs in particular. The West of Suez region on the other hand mainly operates on a series of lifting programs which are best accommodated either through time charters or through COAs. As a result, charterers in the West favour a lower exposure to the less liquid spot market there, covering the

majority of their requirements through COA and/or time charters. Simultaneously, only owners with a large number of VLGCs are able to offer COA agreements.

*Fleet development*

The fleet of LPG ships sized above 12,000 cubic meters, the fleet involved in regional and long haul trade increased by 35% in total capacity terms from 2009 to 2013. Figure 24 shows the fleet age profile for vessels greater than 12,000 cbm, while Figure 25 shows the age profile of the VLGC fleet as of 1 April, 2014.

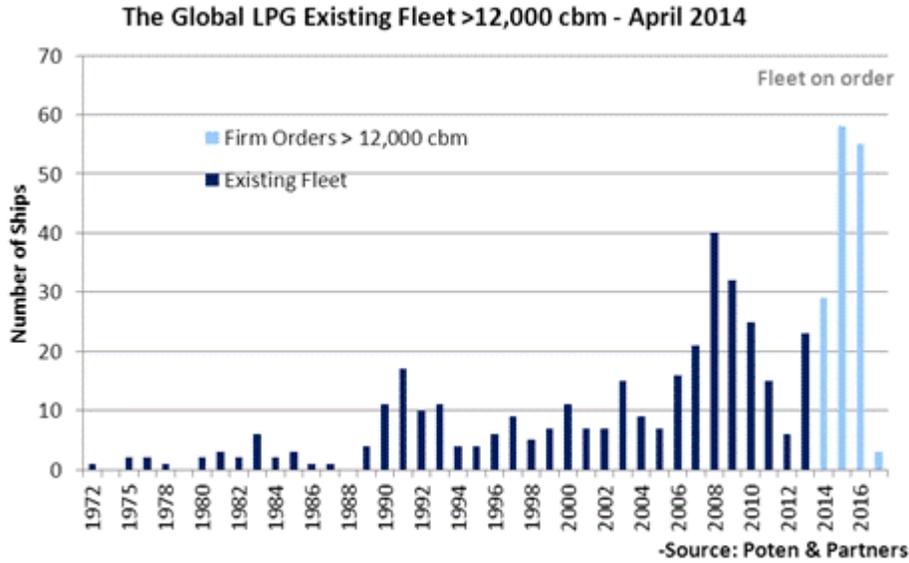


Figure 24 : Global LPG carrier fleet by year built (vessels >12,000 cbm)

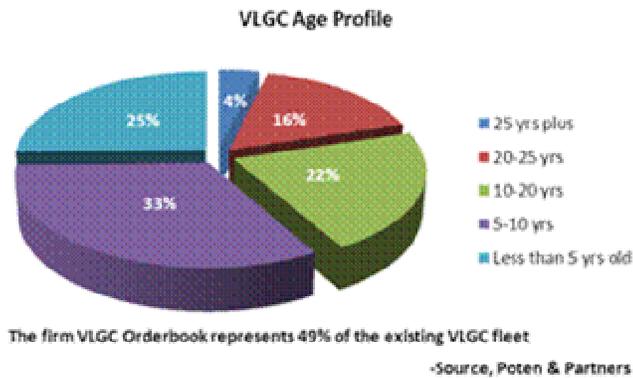


Figure 25 : Global VLGC fleet age profile

*Gas carrier orderbook*

The total available supply of LPG shipping capacity is primarily affected by the pace of newbuildings versus the removal of old vessels due to scrapping. The current total newbuild orderbook of 191 vessels represents 40% of the existing global fleet in capacity terms - 51 of these newbuilds are due for delivery during 2014, 79 in 2015, 62 in 2016 and 4 scheduled for delivery in 2017. As of 1 April, 2014, 101 vessels in the fully-refrigerated size range were on order worldwide with an aggregate capacity of 7.5 mm cbm. This represents 45% of the capacity of the currently-existing fully-refrigerated fleet. Since the start of 2013, the VLGC orderbook rose by an additional 71 VLGCs, adding a further 5.9 mm cbm capacity to the VLGC orderbook. The current VLGC orderbook represents 49% of the existing VLGC fleet. Table 2 provides a detailed overview of the LPG carrier orderbook.

World LPG Carrier Deliveries & Orderbook Profile, April 2014									
Vessel		2014		2015		2016		2017	
Type	Segment	Deliveries	'000 cbm	Deliveries	'000 cbm	Deliveries	'000 cbm	Deliveries	'000 cbm
Fully Refrigerated	VLGC	10	832	32	2,670	37	3,101		
	LGC			3	180				
	MGC	7	260	4	152	8	304	3	114
Semi-Refrigerated	Large Semi-Ref	15	266	19	368	10	199		
	Small Semi-Ref	5	30						
Pressurized	Large Pressurized	5	40	8	80	6	58	1	11
	Small Pressurized	9	36	13	63	1	4		
<b>Total</b>		<b>51</b>	<b>1,464</b>	<b>79</b>	<b>3,513</b>	<b>62</b>	<b>3,666</b>	<b>4</b>	<b>125</b>

**Table 2: World LPG carrier deliveries and orderbook profile as of 1 April, 2014**

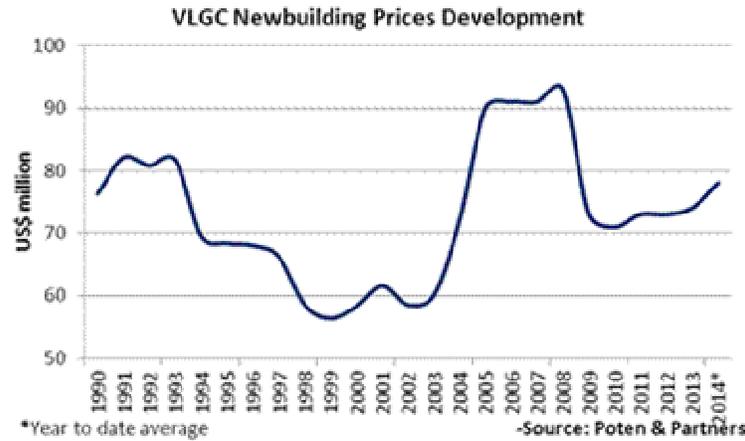
Vessels have been growing in size and efficiency, rendering older ships less commercially attractive for trading. To date, around 1.2 mm cbm of fleet capacity is generated by vessels over 25 years of age. The LPG fleet has historically been well maintained, from a technical standpoint, to enable vessels to survive past 30 years of age yet still be utilized for trading purposes.

The VLGC market has not witnessed any sales for recycling or demolitions since 2011. The period of 2008 to 2011 was a period characterised by low freight rates which required owners to dispose of 19 VLGCs with a capacity of 1.4 mm cbm to the scrapyards.

#### **The VLGC market: Charter rates and asset values**

South Korea is currently the largest shipbuilders of LPG carriers. As of April 1<sup>st</sup>, 2014, South Korean yards have 62 VLGCs on order. China is second to South Korea with 11 VLGCs on order. Japanese yards have traditionally been strong players in this market, nevertheless more efficient and lower-cost South Korean yards have offered more favourable terms to shipowners. Chinese yards, which have a number of years of experience in the smaller segments such as the semi-refrigerated vessels and ethylene carriers, only made their debut in the VLGC newbuilding market in 2012. China, as of the 1<sup>st</sup> of April 2014, has 11 VLGCs on order and the country's first VLGC is expected to be delivered in 2014.

VLGC newbuilding prices increased to very high levels, rising from \$65 million in early 2004 to \$90 million by the end of 2005 on the back of charter rates and vessel asset values climbing up to their own peak in 2006-2007. During the financial turmoil from late 2008-2010, asset values decreased significantly, falling to \$69 million in 2010 and have only started to recover as of the start of the second half of 2013. There is no guarantee that current asset prices are sustainable, and history shows they can range widely. Recent stable newbuilding prices, matched with the strong freight rate developments seen in the VLGC sector have enticed new entrants into the market. Since the middle of 2013, near term yard capacity has been greatly reduced and VLGC Newbuilding prices have increased approximately 7% between January and December 2013. The current VLGC orderbook stands at 78 vessels and represents 49% of the existing fleet. Figure 26 shows the development in VLGC newbuilding prices over the last 25 years.



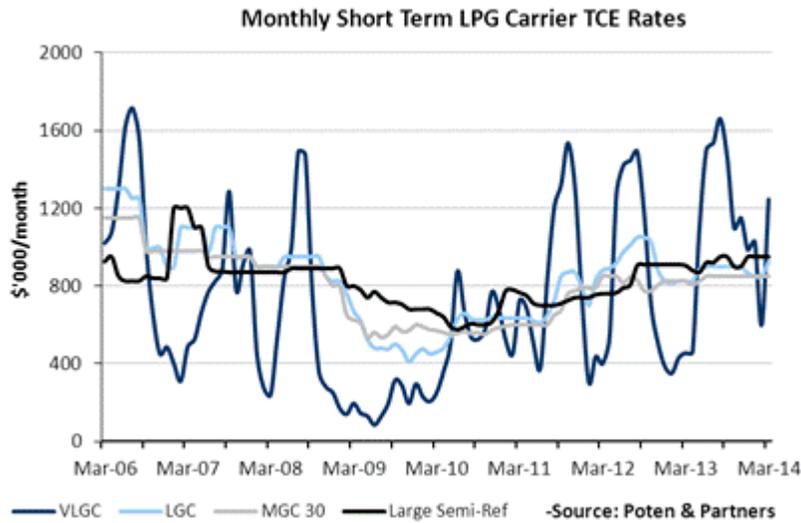
**Figure 26 : VLGC newbuilding prices**

Charter rates and vessel values for gas carriers are influenced by the supply of, and demand for, seaborne gas cargo carrying capacity, and are consequently volatile. The demand for gas carrier capacity is primarily determined by the supply of LPG, ammonia, petrochemical gases and derivative products, and the distance that such gases must be transported. Demand for LPG, ammonia, petrochemical gases and derivative products is, in turn, affected by general economic conditions, trends in domestic consumption and manufacturing, exports and imports and the capacity of chemical and ammonia plants, crackers and refineries worldwide. LPG production, and consequently trade, is also driven by crude oil and natural gas production and has over recent years also been affected by more stringent gas flaring and venting regulations. These regulations were introduced to reduce the burning off of natural gas and/or liquids from oil wells and refineries, as a way of lowering greenhouse gas emissions.

Although the different gas vessel sectors have displayed some independent rate behaviour from time to time, historically there has typically been a correlation between freight rates across the different types and sizes of the LPG carrier, particularly for the small to medium sized fleet for the following reasons:

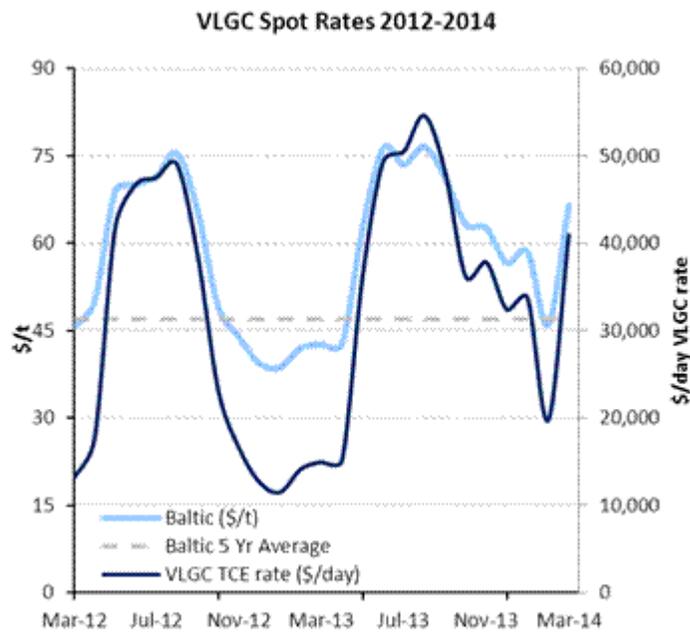
- On a number of routes, there is a degree of inter-changeability between the different size categories, which tends to result in a high degree of correlation among those markets;
- Some vessels are able to carry LPG, ammonia and petrochemicals alike, which tends to bring sectors closer together;
- Owners and charterers operate across the vessel size ranges, which are often affected by similar factors (i.e. demand/supply balances).

The shipping industry has historically been highly cyclical, demonstrating volatility in profitability, vessel values and charter rates as a result of changes in the supply of and demand for shipping capacity. The demand for ships is derived from the demand for the commodities they carry, which is influenced by, among other factors, general economic conditions, commodity prices, environmental concerns, weather and competition from alternative products. The LPG carrier industry in particular has been highly unpredictable, with volatility in charter rates and vessel values again resulting from changes in the supply of and demand for liquefied gases and vessel capacity, as well as changes in global trading patterns affecting ton-mile demand. Figure 27 shows the historical development in short-term LPG carrier charter rates.



**Figure 27 : Monthly Short term LPG carrier time charter equivalent rates**

Charter rates for the VLGC market have recovered since the start of Qatar’s LNG projects in 2011. The VLGC market has always been volatile, however the change of the industry’s trading patterns towards larger parcels and long haul shipping routes have prompted VLGC demand to rise and rates to strengthen. The expansion of Enterprise Products’ terminal facilities, the largest US exporter, in the US was another turning point for the VLGC market. Monthly short-term charter rates for 2013 have averaged close to \$1,000,000/month and in mid-2013 have reached as high as \$1,800,000/month. Figure 28 shows the development of the VLGC rates between 2012 and March 2014. Utilisation rates for VLGCs have, in the trough period of 2009 and 2010, been low due to an imbalance between the number of VLGCs in service and the low export supply from the Arabian Gulf. Higher fleet utilisation has been witnessed since 2011 as VLGC demand grows, supporting higher freight rates.



**Figure 28 : Monthly Short term LPG carrier time charter equivalent rates**

**Competitive environment**

The nature of the LPG trade as a niche market and the high costs involved for building gas carriers have historically discouraged new entrants, although there has been some proliferation in ownership lately, particularly with regards to newbuilding orders.

Quality and experience of officers and crew is an essential part of maintaining the safety record in the LPG shipping industry. Experience requirements for officers in the LPG industry are stringent, sea time and competency standards training are required for working on LPG carriers. Charterers require that personnel have sufficient time in officer rank to have acquired necessary experience beyond Dangerous Cargo Endorsement qualification and that specific short term training has been attended in addition to experience from time at sea. Several major oil companies also require that officers have a significant amount of experience working for the ship-owning company in addition to general LPG shipping experience. The inherently volatile nature of the LPG sector requires financial strength, commercial and operational expertise, and a network of qualified technical personnel and crew, all of which further add to the risk new entrants undertake.

There are approximately 55 owners in the entire VLGC fleet, with the top ten owners possessing 43% of the total capacity in service, shown in Figure 29. The largest owner in this size range as judged by the combined capacity of existing fleet and orderbook is BW LPG, with 19 vessels in the fleet, and eight on order. Dorian LPG currently owns three VLGCs and will become the second largest VLGC owner with the youngest fleet, comprising of 22 VLGCs once delivered (19 of the 22 owned are, as of April 1<sup>st</sup>, 2014 under construction). Currently, the second largest VLGC owner is the Japanese group JX Shipping, with 11 vessels in the fleet. Petredec Limited currently own three VLGCs, and will become the third largest group once it receives the 12 VLGCs it has on order. Around 35 other shipowners own up to two VLGCs each.



**Figure 29 : Top 10 VLGC owners by number of owned fleet**

## BUSINESS

### History and Development of the Company

We are an international LPG shipping company headquartered in the United States and primarily focused on owning and operating VLGCs, each with a cargo-carrying capacity of greater than 80,000 cbm. Our founding executives have managed vessels in the LPG market since 2002 and we currently own and operate four LPG carriers, including three modern 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel, through our management function to which is to be brought in-house from our existing managers by the end of the second calendar quarter of 2014. In addition, we have newbuilding contracts for the construction of 19 new fuel-efficient 84,000 cbm VLGCs at Hyundai and Daewoo, both of which are based in South Korea, with scheduled deliveries between July 2014 and January 2016.

Our strategy is to become one of the leading owners and operators of modern fuel-efficient VLGCs and capitalize on the growing global market for LPG transportation services. We expect demand for VLGCs to increase as long-haul and large-volume LPG trade increases, due in part to the growth of U.S. shale oil and gas production and significant demand for LPG from Asia. VLGCs are the most cost-effective vessels for the transportation of increasingly larger volumes of LPG on longer routes between exporting and importing regions. We also believe that the VLGC segment presents positive fundamentals and high barriers to entry arising from limited global shipyard capacity for VLGCs and the technical complexity of operating LPG carriers.

Our customers include global energy companies such as Statoil and Shell, commodity traders such as Petredec, and industrial users. We believe that we have established a reputation as a safe and reliable operator of modern and technically advanced LPG carriers supporting our customers' global LPG supply chains. We also believe that these attributes, together with our strategic focus on structuring charter arrangements that meet our customers' maritime transportation needs, have contributed to our ability to attract leading charterers as our customers. We intend to pursue a balanced chartering strategy by employing our vessels on a mix of multi-year time charters, some of which may include a profit-sharing component, as well as on spot market voyages and shorter-term time charters. We believe this strategy will provide us with a base of stable cash flows and high utilization rates and allow us to capitalize on profitable shorter duration opportunities, while maintaining a reasonable level of exposure to the potential downside risk of a decrease in spot market charter rates. Three of our four vessels in the water are currently employed on time charters that are set to expire in 2014, and one vessel is employed in the spot market.

We were incorporated on July 1, 2013 under the laws of the Republic of the Marshall Islands for the purpose of owning and operating LPG carriers. On July 29, 2013, in connection with our formation, we entered into concurrent transactions in which we issued an aggregate of 93,221,621 common shares to Dorian Holdings, SeaDor Holdings and other investors, in exchange for the four vessels in our Initial Fleet, including our assumption of debt obligations associated with the vessels, contracts for the construction of three newbuilding VLGCs and options to acquire an additional three newbuilding VLGCs, which we have since exercised, and net proceeds of approximately \$162 million as described in Note 1 to the consolidated financial statements included herein. On November 26, 2013, we completed the acquisition of 13 VLGC newbuilding contracts, associated deposits to shipyards and cash from Scorpio Tankers in return for 39,952,123 common shares, and we simultaneously completed a private placement in Norway of 80,405,405 common shares for net proceeds of approximately \$243 million. On February 12, 2014, we completed a private placement in Norway of 28,246,000 common shares for net proceeds of approximately \$96 million as described in Note 21 to the consolidated financial statements included herein.

Our founding executives, John Hadjipateras, our Chairman, President and Chief Executive Officer, and John Lycouris, the Chief Executive Officer of Dorian LPG (USA) LLC, have been involved in the management of shipping companies since 1972 and 1975, respectively. They have been involved in the purchase, management, and sale of over 35 vessels and have managed numerous vessels for third parties over the same time period. Mr. Hadjipateras and Mr. Lycouris have supported the management of our Predecessor Business in overseeing the vessels in our Initial Fleet since their acquisition by our Predecessor. Our founding executives and the rest of our senior management team have an average of 24 years of shipping industry experience. Our principal shareholders include Scorpio Tankers (NYSE:STNG); SeaDor Holdings, an affiliate of SEACOR Holdings Inc. (NYSE:CKH); and Dorian Holdings, which own 26.5%, 19.3% and 11.7%, respectively, of our total shares outstanding, as of the date of this prospectus. Through the longstanding industry involvement of our management, directors and major shareholders, we believe we have an extensive network of relationships with major energy companies, leading LPG shipyards, financial institutions and other key participants within the shipping sector.

### Our Fleet

Our fleet currently consists of four LPG carriers, including three modern 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel, which we refer to collectively as our Initial Fleet. In addition, we have newbuilding contracts for the construction of 19 new fuel-efficient 84,000 cbm VLGCs at Hyundai and Daewoo, both of which are based in South Korea, with scheduled deliveries between July 2014 and January 2016. We refer to these contracts as our VLGC Newbuilding Program.

Upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the industry's largest VLGC fleets, as measured by both number of vessels and aggregate cargo-carrying capacity. Each of our newbuildings will be an ECO-design vessel incorporating advanced fuel efficiency and emission-reducing technologies. Upon completion of our VLGC Newbuilding Program in January 2016, 100% of our VLGC fleet will be operated as sister ships and the average age of our VLGC fleet will be approximately 1.6 years, while the average age of the current worldwide VLGC fleet is approximately 10 years.

The following table sets forth certain information regarding our vessels as of the date of this prospectus:

	Capacity (Cbm)	Shipyard	Sister Ships	Year Built/ Scheduled Delivery (1)	ECO Vessel (2)	Charterer	Charter Expiration (1)
<b>INITIAL FLEET</b>							
<b>VLGC</b>							
<i>Captain Nicholas ML</i> (3)	82,000	Hyundai	A	2008	—	Statoil	Q2 2014
<i>Captain John NP</i>	82,000	Hyundai	A	2007	—	Spot	—
<i>Captain Markos NL</i> (4)	82,000	Hyundai	A	2006	—	Statoil	Q3 2014
						Shell	Q3 2019
<b>Small Pressure</b>							
<i>Grendon</i> (5)	5,000	Higaki		1996	—	Petreddec	Q2 2014
<b>VLGC NEWBUILDING PROGRAM</b>							
<i>Comet</i> (6)	84,000	Hyundai	B	Q3 2014	X	Shell	Q2 2019
<i>Corsair</i>	84,000	Hyundai	B	Q3 2014	X	—	—
<i>Corvette</i>	84,000	Hyundai	B	Q4 2014	X	—	—
<i>NB#4</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#5</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#6</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#7</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>NB#8</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>NB#9</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>NB#10</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>NB#11</i>	84,000	Daewoo	C	Q3 2015	X	—	—
<i>NB#12</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#13</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#14</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#15</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>NB#16</i>	84,000	Daewoo	C	Q4 2015	X	—	—
<i>NB#17</i>	84,000	Daewoo	C	Q4 2015	X	—	—
<i>NB#18</i>	84,000	Hyundai	B	Q1 2016	X	—	—
<i>NB#19</i>	84,000	Hyundai	B	Q1 2016	X	—	—
<b>Total</b>	<b>1,847,000</b>						

(1) Represents calendar year quarters.

(2) Represents vessels with very low revolutions per minute, long-stroke, electronically controlled engines, larger propellers, advanced hull design, and low friction paint.

(3) On time charter at a base rate of \$700,000 per month and a 100% profit share based on average spot market rates between the base rate of \$700,000 per month and a maximum rate of \$1,200,000 per month.

(4) Currently on time charter at a base rate of \$500,000 per month and a 100% profit share based on average spot market rates between the base rate of \$500,000 per month and a maximum rate of \$1,050,000 per month. Commencing November 1, 2014, on time charter to Shell at a rate of \$850,000 per month.

(5) On time charter at a rate of \$315,000 per month.

(6) On time charter beginning on or around July 31, 2014 at a rate of \$945,000 per month.

Installment payments made by us or through acquisitions total \$266.7 million under our VLGC Newbuilding Program and our remaining contractual commitments total approximately \$1.2 billion, as of March 27, 2014. Although we can provide no assurance that we will be successful in obtaining financing at all or on satisfactory terms, we plan to finance the estimated remaining project

costs for the vessels in our VLGC Newbuilding Program with cash on hand, the net proceeds of this offering and borrowings in an estimated amount of approximately \$750 million under new credit facilities we are currently discussing with a number of banks.

## Competitive Strengths

We believe that we possess a number of competitive strengths that will allow us to capitalize on growth opportunities in the LPG shipping market, including:

***Leading position in VLGC market upon delivery of modern fleet of fuel-efficient newbuilding vessels built to high specifications.***

Upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the industry's largest VLGC fleets, as measured by both number of vessels and aggregate cargo-carrying capacity. Upon completion of our VLGC Newbuilding Program, approximately 86% of our VLGC fleet will consist of fuel-efficient ECO vessels. We believe that these vessels will have average fuel savings of approximately \$4,000 per day compared to non-ECO vessels of the same size. Although we can provide no assurance that ECO vessels will generate greater profits compared to non-ECO vessels, we believe that a fleet of such vessels will be more attractive to charterers and oil majors and will help drive higher revenue and increased profitability.

***In-house technical management will result in better ability to meet stringent customer standards.*** By conducting our technical management in-house, we believe that we will have better control over the quality and cost of our operations. Major energy companies are highly selective in their choice of VLGC vessels and operators, particularly for medium to long-term charters, and have established strict operational and financial standards to pre-qualify, or vet, VLGC operators prior to entering into charters. In addition, major energy companies require operators to continue to comply with these standards on an ongoing basis. We have successfully completed this pre-qualification process with major energy companies, including Statoil and Shell, and remain in compliance with their required standards. Our vessel manager is ISO 9001 Quality Management, 14001 Environmental Management, OHSAS 18001 Occupational Health & Safety Management certified and in 2011, Statoil recognized the achievements of our management team with its Working Safely with Suppliers Award for outstanding Health Safety and Environmental (HSE) performance among approximately 30 shipping suppliers. We believe our established ability to comply with these rigorous and comprehensive standards will enable us to compete effectively for new charters.

***Sister vessel efficiencies.*** Three of the four vessels in our Initial Fleet and all of our newbuildings are "sister ships," or vessels which are of uniform design and specification as other vessels of our fleet built at the same shipyard. We believe that operating sister ships will enable us to benefit from more chartering opportunities, economies of scale and operating and cost efficiencies in ship construction, crew training, crew rotation, maintenance and shared spare parts. We believe that more chartering opportunities will be available to us because many charterers prefer sister ships due to their interchangeability and the flexibility in assigning voyages associated with the use of sister vessels.

***Experienced management team with extensive industry experience and reputation for operational excellence.*** Our management team has managed and operated LPG vessels for us and our Predecessor since 2002, and VLGC vessels since 2006. Our founding executives, John Hadjipateras, our Chairman, President and Chief Executive Officer, and John Lycouris, the Chief Executive Officer of Dorian LPG (USA) LLC, together with Mr. Ted Young, our Chief Financial Officer, have an average of 24 years of shipping experience. We believe this expertise, together with our reputation and track record in LPG shipping, has allowed us to maintain strong relationships with major charterers, other vessel owners and financial institutions and positions us favorably to capture additional commercial opportunities in the industry and to access financing to grow our business.

***Strong shareholder base with industry expertise.*** Our principal shareholders include Scorpio Tankers Inc. (NYSE:STNG), SeaDor Holdings LLC, an affiliate of SEACOR Holdings Inc. (NYSE:CKH), and Dorian Holdings LLC. Our major shareholders and their principals, including their affiliated members of our board of directors, have longstanding maritime experience and strong relationships with key participants in the shipping sector. Although there can be no assurance that such benefits will be realized, we believe that these longstanding relationships with global energy companies, industrial users and commodity traders, along with chartering brokers, shipbuilders and financial institutions, should provide us with profitable employment opportunities in the LPG sector, as well as access to financing to grow our business through newbuild and secondhand vessel acquisitions.

## Our Business Strategy

Our strategy is to build one of the industry's leading fleets of modern fuel-efficient VLGCs in order to capitalize on the growing global market for LPG transportation services. Key elements of our business strategy include:

***Capitalize on the increasing demand for long-haul seaborne transportation of LPG.*** The growth in the United States of shale-derived oil and gas rich in natural gas liquids has contributed to a significant increase in the production of LPG. According to Poten & Partners, the U.S. is expected to become the largest LPG exporter in the world. LPG exports of 8.7 million metric tons in 2013 are expected to double by 2017 as a result of additional export projects from which supplies have already been committed to

buyers. In addition, Middle East exports are expected to continue to grow and demand is anticipated to be concentrated in Japan, Korea and China, thereby requiring long-haul transport from both production hubs. U.S. export facilities recently built and under construction are principally oriented towards loading VLGCs, which are the primary vessel type used for U.S. exports. We believe that VLGCs represent the most cost effective transportation option for large LPG importers.

***Grow our fleet through our VLGC Newbuilding Program and consolidate through additional vessel acquisitions.*** Our newbuild contracts are with the Hyundai and Daewoo shipyards, both of which are based in South Korea and with which we have strong relationships. Upon delivery of the 19 newbuildings from our current VLGC Newbuilding Program, we expect to own and operate one of the industry's largest and youngest VLGC fleets, equipped with many of the most modern features. We also intend to make selective acquisitions within the LPG sector of newbuildings and modern, eco-friendly secondhand vessels. Furthermore, we believe that our well-established operations and commercial relationships will make us a partner of choice among smaller VLGC owners to lead a consolidation in the industry. We believe that our strong relationships with established shipyards and financial flexibility will provide us the opportunity to make additional acquisitions which are accretive to our cash flow per share, based on our judgment and experience as to prevailing market conditions, although there can be no assurance that we will succeed in making such acquisitions or that any additional acquisitions will be accretive to our cash flows.

***Continue a balanced chartering strategy that supports stable cash flows with additional upside from selected spot market exposure and our VLGC Newbuilding Program.*** We believe that our balanced chartering strategy of building a portfolio of medium to long-term, fixed-rate charters for a portion of our fleet, potentially including profit sharing arrangements, coupled with exposure to the spot and short-term charter market for the balance of the fleet, will allow us to provide a steady base of revenue and cash flow along with upside exposure, while maintaining a reasonable level of exposure to the potential downside risk of a decrease in spot market charter rates. We also intend to stagger the charter re-delivery dates for our vessels to minimize re-chartering risk. Although we cannot assure you that our VLGC Newbuilding Program will generate such growth, we believe our commitment to purchase 19 additional vessels scheduled for delivery between 2014 and 2016 will enable us to achieve higher revenue, operating income and net income.

***Leverage our ability to meet rigorous industry and regulatory safety standards.*** We believe that major energy companies seek reliable vessel owners as counterparties who are reputable, whose vessels are well maintained and who can provide both high quality and safe operations. We believe that our founding executives and management team have an excellent vessel safety record, are capable of fully complying with rigorous health, safety and environmental protection standards, and are committed to provide our customers with a high level of customer service and support. We believe that maintaining our excellent vessel safety record and maintaining and building on our high level of customer service and support will allow us to be successful in growing our business in the future.

***In-house commercial and technical management.*** We will have fully integrated vessel management operations that will allow us to perform our commercial and technical management services in-house. We believe that our extensive experience will allow us to maintain better control over the quality of our operations than would be achieved by having these services performed by a third party. We further believe that our in-house commercial and technical management will minimize the potential for conflicts between our interests and the interests of our managers. We believe that the benefits of our in-house management capabilities will be magnified upon the completion of our VLGC Newbuilding Program given the cost benefits associated with increased scale.

***Maintain a strong balance sheet with financial strength and flexibility.*** We expect to maintain a strong, flexible balance sheet by maintaining sufficient liquidity to meet our obligations and operating requirements, moderate levels of leverage and by relying on a combination of equity and debt financing for future vessel acquisitions. We intend to incur approximately \$750 million of additional debt to finance the approximately \$1.42 billion aggregate purchase price of our vessels, which we believe represents a moderate level of leverage relative to our peers. We believe that this approach will allow us to capitalize on favorable market opportunities and better positions us to withstand the volatility of the VLGC charter market.

## **Positive Industry Fundamentals**

We believe that the LPG industry has positive fundamental prospects for us to grow our business:

***The United States is expected to become the largest LPG exporter in the world.*** The strong growth in unconventional shale oil and gas production in the U.S. has created a significant surplus of associated LPG. The United States became a net exporter of LPG for the first time in its history in 2009, and U.S. seaborne exports grew by 250% from 2009 to 2013. According to Poten & Partners, U.S. exports are expected to increase from approximately 8.7 mm t/y in 2013 to approximately 15.0 mm t/y in 2015, or 31% annually. This increase in exports is supported by the growth in export terminal capacity, which Poten & Partners estimates will increase by 400% from 9 million metric tons in 2013 to 45 million metric tons in 2017. U.S. LPG is priced at a significant discount to the LPG being exported out of the Arabian Gulf, as U.S. LPG pricing is influenced by cheap natural gas while Saudi Arabia pricing is based on crude oil. In particular, the wide inter-regional price difference has encouraged major LPG importers in the Far East, primarily from Japan, South Korea and China, to sign contracts to lift LPG out of U.S. export facilities. According to Poten & Partners, growing gas production and processing particularly in the United States and also in the Arabian Gulf is expected to further increase the volumes of

seaborne LPG by an additional 30% by 2017, compared to 2013. There can be no assurance, however, that the forecasted growth described above will be achieved or sustained.

**Asia-driven LPG demand is expected to continue to drive longhaul seaborne LPG trade.** Seaborne LPG trade has increased rapidly, more than doubling from 33 million metric tons in 1990 to 68 million metric tons in 2013. Asia is the world's largest importing hub for LPG, absorbing roughly 56% of world seaborne imports. Asia is also the fastest growing LPG importer. Although there can be no assurance that such trends will continue, according to Poten & Partners, Asian demand is expected to grow by 45% between 2013 and 2017 as petrochemical demand is expected to increase due to lower LPG prices from the West. In addition, new PDH plants are being constructed in China and South Korea to provide "on purpose" propylene, which will allow increased domestic production of polypropylene, a key component in the plastics chain.

**VLGCs are best suited to address developing trade routes.** With strong demand fundamentals in Asia and increased LPG supply out of the U.S., the LPG industry continues to shift to long-haul and large-volume trade. The new long haul trade routes from the U.S. to Asia that are currently being established are likely to become among the most important routes in seaborne LPG trade. We believe the VLGC segment is best suited to meet these developing trade routes because it is the most cost-effective as measured by cost per metric ton and supplies LPG parcel sizes that reflect customer requirements. We believe that we are well positioned to capitalize on this favorable market trend.

**Limited VLGC shipyard capacity and high barriers to entry should restrict the supply of new VLGCs.** As of January 1, 2014, there were 157 VLGCs in the global fleet and the global orderbook contained 48 VLGCs to be delivered between 2014 and 2016, according to Poten & Partners. We believe that growth in the current orderbook will be modest, due to the relatively small number of high-quality shipyards that have successfully produced VLGCs and the long lead-time required for key components for LPG tankers. In addition, we believe that there are significant barriers to entry in the LPG shipping sector, which also limit the current orderbook due to large capital requirements, limited availability of qualified vessel personnel and the high degree of technical competency required to operate LPG vessels. We believe that the expected vessel supply growth is well matched to growth in demand for LPG shipping.

**Increasing consolidation of the global VLGC fleet.** According to Poten & Partners, there are approximately 55 owners in the global VLGC fleet, with the top ten owners possessing 43% of the total capacity in service. Upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the industry's largest VLGC fleets, as measured by both number of vessels and aggregate cargo-carrying capacity. We believe that our position as a leading owner will offer significant opportunities to grow through acquisition and to enjoy increased economies of scale in our operations. We also believe that a larger fleet will allow us to provide more service to more major energy companies on a global basis and thus become a more important part of our customers' LPG operations.

We can provide no assurance that the industry dynamics described above will continue or that we will be able to capitalize on these opportunities. Please see "Risk Factors".

## Management of Our Business

Upon completion of our transition to in-house management prior to the end of the second calendar quarter of 2014, all technical and commercial management services for our fleet will be provided by the following wholly-owned subsidiaries:

- Dorian LPG (USA) LLC will provide financial and commercial management services to us;
- Dorian LPG (UK) Ltd will provide chartering, post-fixture operations, legal and risk management services for us; and
- Dorian LPG Management Corp. (Greece) will provide technical, health/safety/environmental/quality, human resource and accounting services to us.

We have entered into transition agreements with our existing managers, pursuant to which these management services will be brought in-house as described above and our existing management agreements will be terminated. See "Related Party Transactions—Management Agreements."

## Crewing and Staff

As of the completion of our management transition described in "Related Party Transaction — Management Agreements," approximately 30 staff employees of our wholly-owned management subsidiaries will serve onshore in technical, commercial and administrative roles in Greece, the U.S. and in the United Kingdom. We have entered into crewing agreements through our wholly-owned subsidiaries to provide the services of a substantial number of well-qualified seafarers.

One of our top priorities is attracting and retaining motivated personnel. We believe we offer competitive employment packages and comprehensive benefits and opportunities for career development.

## **Classification, Inspection and Maintenance**

Every large, commercial seagoing vessel must be “classed” by a classification society. A classification society certifies that a vessel is “in class,” signifying that the vessel has been built and maintained in accordance with the rules of the classification society and the vessel’s country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

For maintenance of the class certificate, regular and special surveys of hull, machinery, including the electrical plant and any special equipment classed, are required to be performed by the classification society, to ensure continuing compliance. Vessels are drydocked at least once during a five-year class cycle for inspection of the underwater parts and for repairs related to inspections. Vessels under five years of age can waive drydocking provided the vessel is inspected underwater. If any defects are found, the classification surveyor will issue a “recommendation” which must be rectified by the shipowner within prescribed time limits. The classification society also undertakes on request of the flag state other surveys and checks that are required by the regulations and requirements of that flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as “in class” by a classification society, which is a member of the International Association of Classification Societies (the “IACS”). In December 2013, the IACS adopted harmonized Common Structure Rules that align with IMO goal standards. The VLGCs of our Initial Fleet are currently classed with Lloyd’s Register, and the *Grendon* is currently classed with Nippon Kaiji Kyokai. All of the vessels in our fleet have been awarded ISM certification and are currently “in class.”

We also carry out inspections of the ships on a regular basis; both at sea and while the vessels are in port. The results of these inspections are documented in a report containing recommendations for improvements to the overall condition of the vessel, maintenance, safety and crew welfare. Based in part on these evaluations, we create and implement a program of continual maintenance and improvement for our vessels and their systems.

## **Safety, Management of Ship Operations and Administration**

Safety is our top operational priority. Our vessels are operated in a manner intended to protect the safety and health of the crew, the general public and the environment. We actively manage the risks inherent in our business and are committed to preventing incidents that threaten safety, such as groundings, fires and collisions. We are also committed to reducing emissions and waste generation. We have established key performance indicators to facilitate regular monitoring of our operational performance. We set targets on an annual basis to drive continuous improvement, and we review performance indicators every three months to determine if remedial action is necessary to reach our targets. Our shore staff performs a full range of technical, commercial and business development services for us. This staff also provides administrative support to our operations in finance, accounting and human resources.

## **Risk of Loss and Insurance**

The operation of any vessel, including LPG carriers, has inherent risks. These risks include mechanical failure, personal injury, collision, property loss, vessel or cargo loss or damage and business interruption due to political circumstances in foreign countries or hostilities. In addition, there is always an inherent possibility of marine disaster, including explosions, spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. We believe that our present insurance coverage is adequate to protect us against the accident related risks involved in the conduct of our business and that we maintain appropriate levels of environmental damage and pollution insurance coverage consistent with standard industry practice. However, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

We have obtained hull and machinery insurance on all our vessels against marine and war risks, which include the risks of damage to our vessels, salvage or towing costs, and actual or constructive total loss. However, our insurance policies contain deductible amounts for which we are responsible. We have also arranged additional total loss coverage for each vessel. This coverage, which is called hull interest and freight interest coverage, provides us additional coverage in the event of the total loss of a vessel.

We have also obtained loss of hire insurance to protect us against loss of income in the event one of our vessels cannot be employed due to damage that is covered under the terms of our hull and machinery insurance (marine and war risks). Under our loss of hire policies, our insurer will pay us an agreed daily rate in respect of each vessel in excess of a certain number of deductible days, for the time that the vessel is out of service as a result of damage, for a maximum of 180 days for the VLGCs in our Initial Fleet and a maximum of 90 days for the *Grendon*.

Protection and indemnity insurance, which covers our third party legal liabilities in connection with our shipping activities, is provided by mutual protection and indemnity associations, or P&I clubs. This insurance includes third party liability and other expenses related to the injury or death of crew members, passengers and other third party persons, loss or damage to cargo, claims arising from collisions with other vessels or from contact with jetties or wharves and other damage to other third party property, including pollution arising from oil or other substances, and other related costs, including wreck removal. Subject to the capping discussed below, our coverage, except for pollution, is unlimited.

Our current protection and indemnity insurance coverage for pollution is \$1 billion per vessel per incident. The thirteen P&I clubs that comprise the International Group of Protection and Indemnity Clubs (the “International Group”) insure approximately 90% of the world’s commercial tonnage and have entered into a pooling agreement to reinsure each association’s liabilities. Each P&I club has capped its exposure in this pooling agreement so that the maximum claim covered by the pool and its reinsurance would be approximately \$5.45 billion per accident or occurrence. We are a member of three P&I Clubs: The Standard Club Ltd., The United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited and The London Steam-Ship Owners’ Mutual Insurance Association Limited. As a member of these P&I clubs, we are subject to a call for additional premiums based on the clubs’ claims record, as well as the claims record of all other members of the P&I clubs comprising the International Group. However, our P&I clubs have reinsured the risk of additional premium calls to limit our additional exposure. This reinsurance is subject to a cap, and there is the risk that the full amount of the additional call would not be covered by this reinsurance.

## Our Customers

Our customers include international energy companies, industrial users and commodity traders. Three of our four vessels are currently on multi-year time charters that are set to expire in 2014, and we operate one VLGC in the spot market.

Below is a brief description of some of our principal customers:

Statoil A/S is an international energy company with operations in 33 countries covering development and production, marketing and processing, and fuel and retail. Statoil is headquartered in Stavanger, Norway with approximately 23,000 employees worldwide, and is listed on the New York and Oslo stock exchanges. It reported 2012 sales of NOK 723.4 billion. Statoil accounted for 53% of our revenues for the fiscal year ended March 31, 2013 and 47% of our revenues for the period from July 1, 2013 to December 31, 2013.

Petredex Ltd. is headquartered in Monaco and is the world’s leading independent LPG logistics company. Delivering over 10 million tonnes of LPG (liquefied propane and butane) annually and with a controlled fleet of over 50 gas carriers, as well as a rapidly growing downstream presence (LPG terminals and distribution). It is owned 70% by its management and 30% by the National Shipping Corporation of Saudi Arabia. Petredex accounted for 19% of our revenues for the fiscal year ended March 31, 2013 and 8% of our revenues for the period from July 1, 2013 to December 31, 2013.

E1 Corporation is a global supplier of LPG based in South Korea with operations including import, export, storage, and service. E1 reported 2012 sales of KRW 7.4 trillion and is listed on the Korea Stock Exchange. E1 accounted for 17% of our revenues for the fiscal year ended March 31, 2013 and 2% of our revenues for the period from July 1, 2013 to December 31, 2013.

Royal Dutch Shell is a global energy company with 87,000 employees in more than 70 countries and a global network of LPG production and marketing. Shell generated \$467,153 million in revenue in 2012. Shell will charter two of our VLGCs for five years starting in the second half of 2014.

Kuwait Petroleum Corporation (KPC) is recognized as one of today’s top ten oil and energy conglomerates. KPC overseas a fully-integrated energy network which spans over six continents and controls all state owned elements of the Kuwait oil sector. KPC accounted for 16% of our revenues for the period July 1, 2013 to December 31, 2013.

Astomos Energy is the largest LPG-specialized supplier in the world. Astomos is headquartered in Tokyo and controls 20% of Japan’s domestic LPG industry. Astomos currently owns and/or charters 24 VLGCs and handles 10 million metric tons of LPG annually.

## Competition

LPG carrier capacity is primarily a function of the size of the existing world fleet, the number of newbuildings being delivered and the scrapping of older vessels. As of January 1, 2014 there were 1,247 LPG carriers with an aggregate capacity of 21.3 million cbm. As of such date, a further 151 LPG carriers of 5.9 million cbm were on order for delivery by 2017, equivalent to 28% of the existing fleet in capacity terms. This is close to its long-term average and below the 32% peak seen in late 2007 and early 2008. In

contrast to oil tankers and drybulk carriers, according to Poten & Partners, the number of shipyards with LPG carrier experience is quite limited, and as such, a sudden influx of supply beyond what is already on order before 2016 is unlikely. In the VLGC sector in which we operate, as of January 1, 2014, there were 157 vessels in the world fleet with 48 vessels on order for delivery by 2016. Approximately 20% of the fleet capacity in the VLGC sector is more than 20 years old.

We believe that our young fleet positions us well to compete and upon delivery of all the vessels in our VLGC Newbuilding Program, we expect to own and operate one of the largest fleets in our size segment, which, in our view, enhances our position relative to that of our competitors.

There are approximately 55 owners in the entire VLGC fleet, with the top ten owners possessing 43% of the total capacity in service. As of January 1, 2014, we were the second largest owner by combined capacity of fleet and orderbook in the VLGC segment with 246,000 cbm in our fleet and 1,344,000 cbm on order, which does not include our three VLGCs with an aggregate capacity of 252,000 cbm ordered in February 2014.

## **Logo and Licenses**

We have entered into a license agreement with Dorian Holdings pursuant to which Dorian Holdings has granted us a non-transferable, non-exclusive, perpetual (subject to termination for material breach), world-wide, royalty-free right and license to use the Dorian logo and “Dorian LPG” in connection with our LPG business.

## **Seasonality**

Liquefied gases are primarily used for industrial and domestic heating, as a chemical and refinery feedstock, as a transportation fuel and in agriculture. The liquefied gas carrier market is typically stronger in the spring and summer months in anticipation of increased consumption of propane and butane for heating during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and the supply of certain commodities. As a result, demand for our vessels may be stronger in our fiscal quarters ending June 30 and September 30 and relatively weaker during our fiscal quarters ending December 31 and March 31, although 12-month time charter rates tend to smooth these short-term fluctuations. To the extent any of our time charters expire during the relatively weaker fiscal quarters ending December 31 and March 31, it may not be possible to re-charter our vessels at similar rates. As a result, we may have to accept lower rates or experience off-hire time for our vessels, which may adversely impact our business, financial condition and operating results. Please read “Our Fleet.”

## **Environmental and Other Regulation**

### **General**

Governmental and international agencies extensively regulate the carriage, handling, storage and regasification of LPG. These regulations include international conventions and national, state and local laws and regulations in the countries where our vessels now or, in the future, will operate or where our vessels are registered. We cannot predict the ultimate cost of complying with these regulations, or the impact that these regulations will have on the resale value or useful lives of our vessels. Various governmental and quasigovernmental agencies require us to obtain permits, licenses and certificates for the operation of our vessels.

Although we believe that we are substantially in compliance with applicable environmental laws and regulations and have all permits, licenses and certificates required for our vessels, future non-compliance or failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend operation of one or more of our vessels. A variety of governmental and private entities inspect our vessels on both a scheduled and unscheduled basis. These entities, each of which may have unique requirements and each of which conducts frequent inspections, include local port authorities, such as the U.S. Coast Guard, harbor master or equivalent, classification societies, flag state, or the administration of the country of registry, charterers, terminal operators and LPG producers.

### **International Maritime Organization Regulations of LPG Vessels**

The IMO is the United Nations’ agency that provides international regulations governing shipping and international maritime trade, including the International Convention on Civil Liability for Oil Pollution Damage, the International Convention on Civil Liability for Bunker Oil Pollution Damage, and the International Convention for the Prevention of Pollution from Ships, or the “MARPOL Convention.” The flag state, as defined by the United Nations Convention on Law of the Sea, has overall responsibility for the implementation and enforcement of international maritime regulations for all ships granted the right to fly its flag. The “Shipping Industry Guidelines on Flag State Performance” evaluates flag states based on factors such as sufficiency of infrastructure, ratification of international maritime treaties, implementation and enforcement of international maritime regulations, supervision of surveys, casualty investigations, and participation at IMO meetings. The requirements contained in the International Management Code for the

Safe Operation of Ships and for Pollution Prevention (the ISM Code) promulgated by the IMO, govern our operations. Among other requirements, the ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a policy for safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and also describing procedures for responding to emergencies. We are compliant with the requirement to hold a Document of Compliance under the ISM Code for LPG ships (Gas carriers).

Vessels that transport gas, including LPG carriers are also subject to regulation under the IMO's International Gas Carrier Code (or the IGC Code). The IGC Code and similar regulations in individual member states, address fire and explosion risk posed by the transport of liquefied gases. Collectively these standards and regulations impose detailed requirements relating to the design and arrangement of cargo tanks, vents, and pipes; construction materials and compatibility; cargo pressure; and temperature control. Compliance with the IGC Code must be evidenced by a Certificate of Fitness for the Carriage of Liquefied Gases of Bulk. Each of our vessels is in compliance with the IGC Code and each of our newbuilding/conversion contracts requires that the vessel receive certification that it is in compliance with applicable regulations, including the IGC Code, upon delivery. Non-compliance with the IGC Code or other applicable IMO regulations may subject a shipowner or a bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

The IMO also periodically amends the International Convention for the Safety of Life at Sea 1974 and its protocol of 1988, otherwise known as SOLAS, and its implementing regulations. SOLAS includes construction, equipment, and procedure requirements to assure the safe operation of commercial vessels. Among other things, SOLAS requires lifeboats and other life-saving appliances be provided on vessels and mandates the use of the Global Maritime Distress and Safety System, an international radio equipment and watchkeeping standard, afloat and at shore stations. The IMO has also adopted the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (or STCW). New SOLAS safety requirements relating to lifeboats and safe manning of vessels, that were adopted in May 2012, came into effect on January 1, 2014. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance.

In the wake of increased worldwide security concerns, after the September 11, 2001 attack in the United States, the IMO amended SOLAS and added the International Ship and Port Facilities Security Code (ISPS) as a new chapter to that convention. The objective of the ISPS, which came into effect on July 1, 2004, is to detect security threats and take preventive measures against security incidents affecting ships or port facilities. Our Manager has developed Ship Security Plans, appointed and trained Ship and Office Security Officers and all of our vessels have been certified to meet the ISPS Code requirements.

SOLAS and other IMO regulations concerning safety, including those relating to treaties on training of shipboard personnel, lifesaving appliances, radio equipment and the global maritime distress and safety system, are applicable to our operations. Non-compliance with these IMO regulations may subject us to increased liability or penalties, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to or detention in some ports. For example, the U.S. Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and European Union ports.

The MARPOL Convention establishes environmental standards relating to oil leakage or spilling, garbage management, sewage, air emissions, handling and disposal of noxious liquids and the handling of harmful substances in packaged form.

The IMO amended Annex I to MARPOL, by adding a new regulation relating to oil fuel tank protection that applies to various ships delivered on or after August 1, 2010. It includes requirements for the protected location of the fuel tanks, performance standards for accidental oil fuel outflow, a tank capacity limit and certain other maintenance, inspection and engineering standards. IMO regulations also require owners and operators of vessels to adopt Ship Oil Pollution Emergency Plans. Periodic training and drills for response personnel and for vessels and their crews are required.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulation may have on our operations.

### ***Air Emissions***

In September 1997, the IMO adopted MARPOL 73/78 Annex VI "Regulations for the prevention of Air Pollution" (or Annex VI) to MARPOL to address air pollution from ships. Annex VI came into force on May 19, 2005. It applies to all ships, fixed and floating drilling rigs and other floating platforms, sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts, and prohibits deliberate emissions of ozone depleting substances, such as chlorofluoro carbons. Annex VI also includes a global cap on sulfur content of fuel oil and allows for more stringent controls on sulfur emissions in special coastal areas known as Emission Control Areas, or ECAs designated by the IMO's Marine Environmental Protection Committee (MEPC). Ships weighing more than 400 gross tons and engaged in international voyages involving countries that have ratified the conventions, or ships flying the flag of those

countries, are required to have an International Air Pollution Prevention Certificate (or an IAPP Certificate). Annex VI has been ratified by some but not all IMO member states. Annex VI came into force in the United States on January 8, 2009. All the vessels in our Initial Fleet have been issued IAPP Certificates.

On July 1, 2010 amendments to Annex VI to the MARPOL Convention that require progressively stricter limitations on sulfur emissions from ships took effect. As of January 1, 2012, fuel used to power ships could contain no more than 3.5% sulfur. This cap will then decrease progressively until it reaches 0.5% by January 1, 2020. However, in Emission Control Areas such as the North America ECA fuels cannot contain more than 1% sulfur with a further reduction to 0.1% on January 1, 2015. The Annex VI amendments also establish new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. Further, the European directive 2005/33/EU, which became effective on January 1, 2010, bans the use of fuel oils containing more than 0.1% sulfur by mass by any merchant vessel while at berth in any EU country. Our vessels have achieved compliance, where necessary, with both the applicable IMO and EU sulfur regulations, by being arranged to burn compliant fuels for the area of their operation.

Additionally, as discussed above, more stringent emission standards could apply in coastal areas designated as ECAs, such as the United States and Canadian coastal areas designated by the IMO's Marine Environment Protection Committee (MEPC). U.S. air emissions standards are now equivalent to these amended Annex VI requirements, and once these amendments become effective, we may incur costs to comply with these revised standards. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems.

### ***Ballast Water Management Convention***

The IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments (or the BWM Convention) in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements to be replaced in time with a requirement for mandatory ballast water treatment. The BWM Convention will not become effective until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. The Convention has not yet entered into force because a sufficient number of states have failed to adopt it. The IMO has passed a resolution encouraging the ratification of the Convention and calling upon those countries that have already ratified to encourage the installation of ballast water management systems on new ships.

### **Bunkers Convention / Civil Liability Convention State Certificates**

The International Convention on Civil Liability for Bunker Oil Pollution 2001 (or the Bunker Convention) entered into force in State Parties to the Convention on November 21, 2008. The Convention provides a liability, compensation and compulsory insurance system for the victims of oil pollution damage caused by spills of bunker oil. The Convention requires the ship owner liable to pay compensation for pollution damage (including the cost of preventive measures) caused in the territory, including the territorial sea of a State Party, as well as its economic zone or equivalent area. Registered owners of any sea going vessel and seaborne craft over 1,000 gross tonnage, of any type whatsoever, and registered in a State Party, or entering or leaving a port in the territory of a State Party, will be required to maintain insurance which meets the requirements of the Convention and to obtain a certificate issued by a State Party attesting that such insurance is in force. The State issued certificate must be carried on board at all times.

Many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended in 2000, or the "CLC." Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. The limited liability protections are forfeited under the CLC where the spill is caused by the owner's personal fault and under the 1992 Protocol where the spill is caused by the owner's personal act or omission or by intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner.

In jurisdictions such as the United States where the CLC or the Bunkers Convention has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or on a strict —liability basis.

P&I Clubs in the International Group issue the required Bunkers Convention "Blue Cards" to enable signatory states to issue certificates. All of our vessels are in possession of a CLC State-issued certificate attesting that the required insurance coverage is in force.

## **Anti-Fouling Requirements**

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the “Anti-fouling Convention.” The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-fouling System Certificate and undergo a survey before the vessel is put into service or when the antifouling systems are altered or replaced. We have obtained AFS, or Anti-fouling System Certificates for all of our vessels, which are subject to the International Convention on the Control of Harmful Anti-fouling Systems on Ships, and do not believe that maintaining such certificates will have an adverse financial impact on the operation of our vessels.

## **United States Environmental Regulation of LPG Vessels**

Our vessels operating in U.S. waters now or, in the future, will be subject to various federal, state and local laws and regulations relating to protection of the environment. In some cases, these laws and regulations require us to obtain governmental permits and authorizations before we may conduct certain activities. These environmental laws and regulations may impose substantial penalties for noncompliance and substantial liabilities for pollution. Failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties. As with the industry generally, our operations will entail risks in these areas, and compliance with these laws and regulations, which may be subject to frequent revisions and reinterpretation, increases our overall cost of business.

## ***Oil Pollution Act and CERCLA***

The U.S. Oil Pollution Act of 1990 (OPA90) established an extensive regulatory and liability regime for environmental protection and clean up of oil spills. OPA90 affects all owners and operators whose vessels trade with the United States or its territories or possessions, or whose vessels operate in the waters of the United States, which include the U.S. territorial waters and the two hundred nautical mile exclusive economic zone of the United States. The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) applies to the discharge of hazardous substances whether on land or at sea. While OPA90 and CERCLA would not apply to the discharge of LPG, they may affect us because we carry oil as fuel and lubricants for our engines, and the discharge of these substances could cause an environmental hazard. Under OPA90, vessel operators, including vessel owners, managers and bareboat or “demise” charterers, are “responsible parties” who are all liable regardless of fault, individually and as a group, for all containment and clean-up costs and other damages arising from oil spills from their vessels. These “responsible parties” would not be liable if the spill results solely from the act or omission of a third party, an act of God or an act of war. The other damages aside from clean-up and containment costs are defined broadly to include:

- natural resource damages and related assessment costs;
- real and personal property damages;
- net loss of taxes, royalties, rents, profits or earnings capacity;
- net cost of public services necessitated by a spill response, such as protection from fire, safety or health hazards; and
- loss of subsistence use of natural resources.

Effective July 31, 2009, the U.S. Coast Guard adjusted the limits of OPA90 liability to the greater of \$2,000 per gross ton or \$17.088 million for any double-hull tanker that is over 3,000 gross tons (subject to possible adjustment for inflation). These limits of liability do not apply, however, where the incident is caused by violation of applicable U.S. federal safety, construction or operating regulations, or by the responsible party’s gross negligence or willful misconduct. These limits likewise do not apply if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with the substance removal activities. This limit is subject to possible adjustment for inflation. OPA90 specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters. In some cases, states, which have enacted their own legislation, have not yet issued implementing regulations defining shipowners’ responsibilities under these laws.

CERCLA, which also applies to owners and operators of vessels, contains a similar liability regime and provides for cleanup, removal and natural resource damages for releases of “hazardous substances.” Liability under CERCLA is limited to the greater of \$300 per gross ton or \$0.5 million for each release from vessels not carrying hazardous substances, cargo or residue, and \$300 per gross ton or \$5 million for each release from vessels carrying hazardous substances, cargo or residue. As with OPA90, these limits of liability do not apply where the incident is caused by violation of applicable U.S. federal safety, construction or operating regulations, or by the responsible party’s gross negligence or willful misconduct or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with the substance removal activities. OPA90 and CERCLA each preserve the right to recover damages under existing law, including maritime tort law.

OPA90 requires owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the limit of their potential strict liability under OPA90/CERCLA. Under the regulations, evidence of financial responsibility may be demonstrated by insurance, surety bond, self-insurance or guaranty. Under OPA90 regulations, an owner or operator of more than one vessel is required to demonstrate evidence of financial responsibility for the entire fleet in an amount equal only to the financial responsibility requirement of the vessel having the greatest maximum liability under OPA90/CERCLA. Each of our shipowning subsidiaries that has vessels trading in U.S. waters has applied for, and obtained from the U.S. Coast Guard National Pollution Funds Center, three-year certificates of financial responsibility, supported by guarantees which we purchased from an insurance based provider. We believe that we will be able to continue to obtain the requisite guarantees and that we will continue to be granted certificates of financial responsibility from the U.S. Coast Guard for each of our vessels that is required to have one.

In response to the BP Deepwater Horizon oil spill, a number of bills that could potentially increase or even eliminate the limits of liability under OPA90 have been introduced in the U.S. Congress. Compliance with any new requirements of OPA90 may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation, regulation, or other requirements applicable to the operation of our vessels that may be implemented in the future as could adversely affect our business and ability to make distributions to our unitholders.

### ***Clean Water Act***

The United States Clean Water Act (or CWA) prohibits the discharge of oil or hazardous substances in United States navigable waters unless authorized by a permit or exemption, and imposes strict liability in the form of penalties for unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA90 and CERCLA. In addition, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA regulates the discharge of ballast water, bilge water, and other discharges incidental to the normal operation of vessels within U.S. waters. Under EPA's rules, commercial vessels 79 feet in length or longer (other than commercial fishing vessels), or Regulated Vessels, are required to obtain a CWA permit regulating and authorizing such normal discharges. This permit, which the EPA has designated as the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels (or VGP) incorporates the current U.S. Coast Guard requirements for ballast water management as well as supplemental ballast water requirements, and includes limits applicable to 26 specific discharge streams, such as deck runoff, bilge water and gray water. For each discharge type, among other things, the VGP establishes effluent limits pertaining to the constituents found in the effluent, including best management practices (or BMPs) designed to decrease the amount of constituents entering the waste stream. Unlike land-based discharges, which are authorized if they meet certain EPA-imposed numerical effluent limits, each of the 26 VGP discharge limits is deemed to be met when a Regulated Vessel carries out the BMPs pertinent to that specific discharge stream. The VGP imposes additional requirements on certain Regulated Vessel types with discharges unique to those vessels. Administrative provisions, such as inspection, monitoring, recordkeeping and reporting requirements, are also included for all Regulated Vessels. Several U.S. states have added specific requirements to the VGP and, in some cases, may require vessels to install ballast water treatment technology to meet biological performance standards.

On March 8, 2011, EPA reached a settlement with several environmental groups and the State of Michigan regarding challenges to EPA's issuance of the VGP. As part of the settlement, EPA agreed to include in the draft 2013 VGP numeric concentration-based effluent limits for organisms in discharges of ballast water. The 2013 VGP was finalized and became effective on December 19, 2013. It contains numeric effluent limits for ballast water discharges that are expressed as maximum concentrations of living organisms per unit of ballast water volume discharged. These requirements correspond with the IMO's requirements under the BWM Convention, as discussed above, and are consistent with the Coast Guard's 2012 ballast water discharge standards described below. The 2013 VGP also includes additional BMP requirements for non-ballast water discharges. EPA will implement the 2013 VGP for existing vessels on a staggered schedule, depending on their size and the date of the first drydocking between January 1, 2014 and January 1, 2016. Vessels that are constructed after December 1, 2013 are immediately subject to the new ballast water effluent limitations.

### ***National Aquatic Invasive Species Act***

The National Invasive Species Act (or NISA) was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. ports through ballast water taken on by ships in foreign ports. NISA established a ballast water management program for ships entering U.S. waters. Under NISA, mid-ocean ballast water exchange is voluntary, except for ships heading to the Great Lakes, Hudson Bay, or vessels engaged in the foreign export of Alaskan North Slope crude oil. However, NISA's exporting and record-keeping requirements are mandatory for vessels bound for any port in the United States. Although ballast water exchange is the

primary means of compliance with the act's guidelines, compliance can also be achieved through the retention of ballast water onboard the ship, or the use of environmentally sound alternative ballast water management methods approved by the U.S. Coast Guard. If the mid-ocean ballast exchange is made mandatory throughout the United States, or if water treatment requirements or options are instituted, the costs of compliance could increase significantly for ocean carriers.

The U.S. Coast Guard revised ballast water management regulations that became effective on June 21, 2012 establish standards for allowable concentration of living organisms in ballast water discharged in U.S. waters. The revised regulations include ballast water discharge standards for vessels calling on U.S. ports and intending to discharge ballast water that are equivalent to those established under the IMO's BWM Convention. The revised rule requires that ballast water discharge have no more than 10 living organisms per milliliter for organisms between 10 and 50 micrometers in size. For organisms larger than 50 micrometers, the discharge can have 10 living organisms per cubic meter of discharge. New ships constructed on or after December 1, 2013 must comply with these standards on delivery and existing ships must comply by their first drydock after January 1, 2014 or no later than January 1, 2016. The U.S. Coast Guard will review the practicability of implementing a more stringent ballast water discharge standard and publish the results no later than January 1, 2016. If Coast Guard-approved technologies are not available by a vessel's compliance date, the vessel may request the Coast Guard to extend the deadline for installation of such technology. Compliance with these regulations may require us to incur additional costs and other measures that may be significant.

### ***Clean Air Act***

The U.S. Clean Air Act of 1970, as amended (or the CAA) requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas and emission standards for so-called "Category 3" marine diesel engines operating in U.S. waters. The marine diesel engine emission standards are currently limited to new engines beginning with the 2004 model year. On April 30, 2010, the EPA promulgated final emission standards for Category 3 marine diesel engines equivalent to those adopted in the amendments to Annex VI to MARPOL. The emission standards apply in two stages: near-term standards for newly-built engines will apply from 2011, and long-term standards requiring an 80% reduction in nitrogen dioxides (or NOx) that will apply from 2016. Compliance with these standards may cause us to incur costs to install control equipment on our vessels in the future.

### **Other Regulations**

The European Union has also adopted legislation that would: (1) ban manifestly sub-standard vessels (defined as those over 15 years old that have been detained by port authorities at least twice in a six month period) from European waters and require port states to inspect vessels posing a high risk to maritime safety or the marine environment; and (2) provide the European Union with greater authority and control over classification societies, including the ability to seek to suspend or revoke the authority of negligent societies.

The European Union has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2005/EC/33 (amending Directive 1999/32/EC) introduced requirements parallel to those in MARPOL Annex VI relating to the sulfur content of marine fuels. In addition, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in EU ports, effective January 1, 2010.

In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or negligent pollution discharges by ships. The directive could result in criminal liability for pollution from vessels in waters of European countries that adopt implementing legislation. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. We cannot predict what regulations, if any, may be adopted by the European Union or any other country or authority.

### **Regulation of Greenhouse Gas Emissions**

In February 2005, the Kyoto Protocol entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the emissions of greenhouse gases from ships involved in international transport are not subject to the Kyoto Protocol. In December 2009, more than 27 nations, including the United States and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. In addition, in December 2011, the Conference of the Parties to the United Nations Convention on Climate Change adopted the Durban Platform which calls for a process to develop binding emissions limitations on both developed and developing countries under the United Nations Framework Convention on Climate Change applicable to all Parties. In April 2013, the European Union Parliament rejected proposed changes to the European Union Emissions law regarding carbon trading. The European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels. In January 2012,

the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships. In June 2013 the European Commission developed a strategy to integrate maritime emissions into the overall European Union strategy to reduce greenhouse gas emissions. If the strategy is adopted by the European Parliament and Council, large vessels using European Union ports would be required to monitor, report and verify their carbon dioxide emissions beginning in January 2018. In December 2013 the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide emissions from ships.

As of January 1, 2013 all ships must comply with mandatory requirements adopted by MEPC in July 2011 in part to address greenhouse gas emissions. The amendments to MARPOL Annex VI Regulations for the prevention of air pollution from ships add a new Chapter 4 to Annex VI on Regulations on energy efficiency requiring new ships to meet the Energy Efficiency Design Index (EEDI), for new ships, and all ships to develop and implement a Ship Energy Efficiency Management Plan (SEEMP). Other amendments to Annex VI add new definitions and requirements for survey and certification, including the format for the International Energy Efficiency Certificate. The regulations apply to all ships of 400 gross tonnage and above. These new rules will likely affect the operations of vessels that are registered in countries that are signatories to MARPOL Annex VI or vessels that call upon ports located within such countries. The implementation of the EEDI and SEEMP standards could cause us to incur additional compliance costs. MEPC is also considering market-based mechanisms to reduce greenhouse gas emissions from ships. It is impossible to predict the likelihood that such a standard might be adopted or its potential impact on our operations at this time.

In the United States, the EPA has issued a final finding that greenhouse gases threaten public health and safety, and has promulgated regulations that regulate the emission of greenhouse gases from certain mobile sources and has proposed regulations to limit greenhouse gases from large stationary sources. The EPA may decide in the future to regulate greenhouse gas emissions from ships and has already been petitioned by the California Attorney General to regulate greenhouse gas emissions from ocean-going vessels. Other federal and state regulations relating to the control of greenhouse gas emissions may follow. Any climate control legislation or other regulatory initiatives adopted by the IMO, the European Union, the United States, or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures, including capital expenditures or operational changes to upgrade our vessels, that we cannot predict with certainty at this time. In addition, even without such regulation, our business may be indirectly affected to the extent that climate change results in sea level changes or more intense weather events.

### **Vessel Security Regulations**

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Act of 2002 (or MTSA) came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the ISPS Code. The ISPS Code is designed to protect ports and international shipping against terrorism. After July 1, 2004, to trade internationally, a vessel must attain an International Ship Security Certificate (or ISSC) from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alerts the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including, the name of the ship and of the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from obtaining U.S. Coast Guard-approved MTSA vessel security plans provided such vessels have on board an ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

We have developed security plans, appointed and trained Ship and Company Security Officers and each of our vessels in our fleet complies with the requirements of the ISPS Code, SOLAS and the MTSA.

### **Other Regulation**

Our LPG vessels may also become subject to the 2010 HNS Convention, if it is entered into force. The Convention creates a regime of liability and compensation for damage from hazardous and noxious substances (or HNS), including liquefied gases. The 2010 HNS Convention sets up a two-tier system of compensation composed of compulsory insurance taken out by shipowners and an HNS Fund which comes into play when the insurance is insufficient to satisfy a claim or does not cover the incident. Under the 2010 HNS Convention, if damage is caused by bulk HNS, claims for compensation will first be sought from the shipowner up to a maximum of 100 million Special Drawing Rights (or SDR). If the damage is caused by packaged HNS or by both bulk and packaged HNS, the maximum liability is 115 million SDR. Once the limit is reached, compensation will be paid from the HNS Fund up to a maximum of 250 million SDR. The 2010 HNS Convention has not been ratified by a sufficient number of countries to enter into force, and we cannot estimate the costs that may be needed to comply with any such requirements that may be adopted with any certainty at this time.

### **Legal Proceedings**

From time to time we expect to be subject to legal proceedings and claims in the ordinary course of our business, principally personal injury and property casualty claims. These claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. We are not aware of any legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on us.

### **Properties**

Other than our vessels, we do not own any material property.

### **Exchange Controls**

Under the Republic of the Marshall Islands law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of distributions, interest or other payments to non-resident shareholders.

## MANAGEMENT

## Directors and Senior Management

Set forth below are the names, ages and positions of our current directors and executive officers. The services of our executive officers will be provided by our wholly-owned subsidiary, Dorian LPG (USA) LLC, upon the completion of the management transition described below under “Related Party Transactions—Management Agreements.” Our directors are divided into three classes, one or another expiring each year, so that each term going forward will be three years. Each director holds office until his or her term expires or until his or her death, resignation, removal or the earlier termination of his or her term of office. All directors whose term expires are eligible for re-election. Officers are appointed from time to time by our board of directors and hold office until a successor is appointed or their employment is terminated. The business address of each of our directors and executive officers listed below is c/o Dorian LPG Ltd., 27 Signal Road, Stamford, Connecticut 06902.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Term Expiration</u>
John C. Hadjipateras	63	Chairman, President, Chief Executive Officer and Principal Executive Officer; President, Dorian LPG (USA) LLC	2016
Nigel D. Widdowson.	68	Director	2014
Charles Fabrikant	69	Director	2016
Øivind Lorentzen	63	Director	2015
Thomas J. Coleman	48	Director	2014
Eric Fabrikant	33	Director	2014
Robert Bugbee	53	Director	2015
John C. Lycouris	63	Director; Chief Executive Officer, Dorian LPG (USA) LLC	2015
Alexander C. Hadjipateras	34	Executive Vice President and Secretary, Dorian LPG (USA) LLC	
Theodore B. Young	46	Chief Financial Officer, Treasurer and Principal Financial and Accounting Officer; Chief Financial Officer and Treasurer, Dorian LPG (USA) LLC	

\* Scorpio Tankers has the right to appoint one director on our board of directors, which is currently Mr. Bugbee, so long as Scorpio Tankers owns at least 10% of our outstanding common shares.

Biographical information concerning the directors and executive officers listed above is set forth below.

**John C. Hadjipateras** has served as Chairman of the Board and as our President and Chief Executive Officer and as President of Dorian LPG (USA) LLC since our inception in July 2013. Mr. Hadjipateras has been actively involved in the management of shipping companies since 1972. From 1972 to 1992, Mr. Hadjipateras was the Managing Director of Peninsular Maritime Ltd., in London and subsequently served as President of Eagle Ocean. He has served as a member of the board of the Greek Shipping Cooperation Committee, of the Council of Intertanko and has been a member of the Baltic Exchange since 1972 and of the American Bureau of Shipping since 2011. He also served on the Board of Advisors of the Faculty of Language and Linguistics of Georgetown University and is a trustee of Kidscape, a leading U.K. charity organization. He was a Director of SEACOR Holdings Inc., a global provider of marine transportation equipment and logistics services, from 2000 until 2013.

**Nigel D. Widdowson** has served as a director of the Board since our inception in July 2013. Mr. Widdowson is currently a Director of Eagle Ocean Transport, a position he has held since 2002. Mr. Widdowson has spent over 40 years in tanker chartering and arranging for the sale and purchase of vessels operating for entities located in London and New York. Mr. Widdowson's key focus areas include strategy development, market analysis, and managing relationships with key customers focusing on the LPG market.

**Charles Fabrikant** has served as a director of the Board since July 2013. Mr. Fabrikant currently serves as Executive Chairman of the Board and an officer and a director of SEACOR Holdings Inc. and several of its subsidiaries. Mr. Fabrikant is a director of Diamond Offshore Drilling, Inc., a contract oil and gas driller and Hawker Pacific Airservices Limited, an aviation sales product support company. Mr. Fabrikant serves as the Non-Executive Chairman of the Board of Era Group Inc., an international helicopter operator. He served as the President and Chief Executive Officer of Era Group Inc. from October 2011 through April 2012. He is also President of Fabrikant International Corporation, a privately owned corporation engaged in marine investments. Mr. Fabrikant is a graduate of Columbia University School of Law and Harvard University.

**Øivind Lorentzen** has served as a director of the Board since July 2013. Mr. Lorentzen is currently Chief Executive Officer of SEACOR Holdings Inc., a position he has held since 2010. Mr. Lorentzen is a Director of Era Group Inc., an international helicopter operator. From 1990 until September 2010, Mr. Lorentzen was President of Northern Navigation America, Inc., an investment management and ship-owning agency company concentrating in specialized marine transportation and ship finance. From 1979 to 1990, Mr. Lorentzen was Managing Director of Lorentzen Empreendimentos S.A., an industrial and shipping group in Brazil, and he served on its Board of Directors until December 2005. From 2000 to 2008, Mr. Lorentzen was Chairman of NFC Shipping Funds, a leading private equity fund in the maritime industry. Mr. Lorentzen is a director of Blue Danube, Inc., a privately owned inland marine service provider, and a director of Genessee & Wyoming Inc., an owner and operator of short line and regional freight railroads. Mr. Lorentzen earned his undergraduate degree at Harvard College and his Masters of Business Administration from the Harvard Business School.

**Thomas J. Coleman** has served as a director of the Board since September 2013. Mr. Coleman has served as co-Founder and co-President of Kensico Capital Management Corporation (Kensico) since 2000. Mr. Coleman is also the co-principal of each of Kensico's affiliates. Prior to working with Kensico and its affiliates, Mr. Coleman was employed by Halo Capital Partners. Prior to his employment at Halo, Mr. Coleman founded and served as Chief Executive Officer and a director of PTI Holding Inc. from 1990 until 1995. From October 2012 until January 2014, Mr. Coleman served as a director of WebMD. From February 2011 until its sale in January 2012, Mr. Coleman served as a director of Tekelec, a publicly traded global provider of core network solutions.

**Eric Fabrikant** has served as a director of the Board since July 2013 and is the son of Charles Fabrikant. Mr. Fabrikant has been Vice President of SEACOR Holdings Inc. since May 2009. Mr. Fabrikant has been President of SEACOR Environmental Services Inc. since January 2011. Since January 2008 he served as Vice President of SEACOR Commodity Trading LLC, working to support the company in all administrative aspects of its development while seeking opportunities to develop other areas of business for SEACOR Holdings Inc. and its subsidiaries. He serves as Chief Executive Officer and director of Seabulk Tankers, Inc. and Seabulk Towing, Inc. In addition, Mr. Fabrikant holds various positions in other SEACOR Holdings Inc. subsidiaries including Chief Executive Officer and President. Mr. Fabrikant was Treasurer of Nabors Industries until the end of 2007. Mr. Fabrikant graduated from Georgetown University (B.S. B.A. Finance) in 2002.

**Robert Bugbee** has served as a director of the Board since November 2013. Mr. Bugbee has more than 25 years of experience in the shipping industry. He is a co-founder and has served as a director since April 2013 and President since July 2013 of Scorpio Bulkers (NYSE: SALT). Mr. Bugbee also serves as President and Director of Scorpio Tankers (NYSE: STNG) since its initial public offering in April 2010. He joined Scorpio Group in February 2009 and has continued to serve there in senior management. Prior to joining Scorpio Group, Mr. Bugbee was a partner at Ospraie Management LLP between 2007 and 2008, a company which advises and invests in commodities and basic industry. From 1995 to 2007, Mr. Bugbee was employed at OMI Corporation, or OMI, a NYSE-listed tanker company sold in 2007. While at OMI, Mr. Bugbee most recently served as President from January 2002 until the sale of the company, and he previously served as Executive Vice President since January 2001, Chief Operating Officer since March 2000 and Senior Vice President of OMI from August 1995 to June 1998. Mr. Bugbee joined OMI in February 1993. Prior to this, he was employed by Gotaas-Larsen Shipping Corporation since 1984. During this time he took a two year sabbatical from 1987 for the M.I.B. Programme at the Norwegian School for Economics and Business administration in Bergen. He has a Fellowship from the International Shipbrokers Association and a B.A. (Honors) from London University.

**John C. Lycouris** has served as Chief Executive Officer of Dorian LPG (USA) LLC and a director of the Company since our inception in July 2013. Since joining Eagle Ocean in 1993, Mr. Lycouris attended to a multitude of sale and purchase contracts and pre and post delivery financing of newbuilding and second hand vessels in the tanker, LPG, and dry bulk sectors. Mr. Lycouris' responsibilities include investment strategy for a number of portfolios on behalf of domestic and foreign principals represented by Eagle Ocean. Before joining Eagle Ocean, Mr. Lycouris served as Director of Peninsular Maritime Ltd. a ship brokerage firm, which

he joined in 1974, and managed the Finance and Accounts departments. Mr. Lycouris graduated from Cornell University, where he earned an MBA, and from Ithaca College with a Bachelor of Science.

**Alexander C. Hadjipateras** has served as Executive Vice President of Business Development and Secretary of Dorian LPG (USA) LLC since July 2013 and is the son of John Hadjipateras. Mr. Hadjipateras' main areas of focus are business development and commercial strategy, and he also assists in the management of the Company's operations in Piraeus, Greece, where he is based. Since joining Eagle Ocean in 2006, Mr. Hadjipateras has been involved in managing its Aframax and VLGC newbuilding program at Sumitomo Shipyard in Japan and Hyundai Heavy Industries in South Korea and also has participated in its Aframax spot chartering from Highbury. Mr. Hadjipateras has worked closely with oil majors to secure approval for future time charter and newbuilding business development opportunities. Prior to joining Eagle Ocean, Mr. Hadjipateras worked as a Business Development Manager at Avenue A / Razorfish, a leading digital consultancy and ad-agency based in San Francisco. Mr. Hadjipateras graduated from Georgetown University with a Bachelor of Arts in history.

**Theodore B. Young** has served as our Chief Financial Officer and Treasurer and as Chief Financial Officer and treasurer of Dorian LPG (USA) LLC since July 2013 and as head of corporate development for Eagle Ocean from 2011 to 2013. From 2004-2011, Mr. Young was a Senior Managing Director and member of the Investment Committee at Irving Place Capital (IPC), where he worked on investments in the industrial, transportation, and business services sectors. Prior to joining IPC, Mr. Young was a Principal at Harvest Partners, a New York-based middle market buyout firm, from 1997 to 2004. There he was active in industrial transactions and played a key role in the firm's multinational investment strategy. Prior to his career in private equity, Mr. Young was an investment banker with Merrill Lynch and Co. and SBC Warburg Dillon Read and its predecessors in New York, Zurich, and London. Mr. Young holds an AB from Dartmouth College and an MBA from the Wharton School of the University of Pennsylvania with a major in accounting.

## **Board of Directors and Committees**

Our board of directors consists of eight members, of which one director, Thomas J. Coleman, is considered "independent" under the rules of the NYSE.

Prior to the completion of this offering, we will establish an audit committee that consists initially of one director, Mr. Coleman, who qualifies as "independent" under Rule 10A-3 under the Exchange Act. Our audit committee will be responsible for ensuring that we have an independent and effective internal and external audit system. Additionally, the audit committee will support the board of directors in the administration and exercise of its responsibility for supervisory oversight of financial reporting and internal control matters and maintains appropriate relationships with our auditors. Our board of directors has determined that Mr. Coleman qualifies as an "audit committee financial expert" for purposes of SEC rules and regulations.

We will also establish a compensation committee, consisting initially of one independent director, Mr. Coleman, which will be responsible for recommending to the board of directors our senior executive officers' compensation and benefits. We will also establish a nominating and corporate governance committee, consisting initially of one independent director, Mr. Coleman, which will be responsible for recommending to the board of directors nominees for director and directors for appointment to board committees and advising the board with regard to corporate governance practices.

Our board of directors will also establish a conflicts committee composed of at least two members of our board of directors to review all transactions that the board of directors believes may involve conflicts of interest, and will determine if such transaction and the resolution of the conflict of interest is fair and reasonable to us. At least 50% of the members of the conflicts committee may not be officers or employees of us or directors, officers or employees of any entity with a controlling interest in us or such controlling entity's affiliates. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, and not a breach by our directors of any duties any of them may owe us or our shareholders.

Our board of directors may, in the future, establish such other committees as it determines from time to time.

## Corporate Governance Practices

Pursuant to an exception under the NYSE listing standards available to foreign private issuers, we are not required to comply with all of the corporate governance practices followed by U.S. companies under the NYSE listing standards, which are available at [www.nyse.com](http://www.nyse.com). Under SEC rules, the next determination with respect to our status as a foreign private issuer will be made with respect to us on September 30, 2014. In the event that we lose our status as a foreign private issuer, we will subsequently be required to comply with the corporate governance practices applicable to U.S. companies under the NYSE listing standards. Except as set forth below, we intend to comply with the NYSE standards applicable to listed U.S. companies. Pursuant to Section 303.A.11 of the NYSE Listed Company Manual, we are required to list the significant differences between our corporate governance practices and the NYSE standards applicable to listed U.S. companies. Set forth below is a list of those differences.

**Majority Independent Board.** As permitted under Marshall Islands law, upon the completion of this offering, a majority of our directors will not qualify as independent under the independence tests set forth in Section 303A of the NYSE Listed Company Manual. In the event that we lose our status as a foreign private issuer as of the September 30, 2014 determination date, we will be required to maintain a majority independent board of directors within six months of such determination date, which may require us to appoint a number of additional independent directors.

**Audit Committee.** The NYSE requires, among other things, that a listed company have an audit committee with a minimum of three independent members. As permitted under Marshall Islands law, our audit committee will initially consist of one independent director. In the event that we lose our status as a foreign private issuer as of the September 30, 2014 determination date, we will be required to maintain an audit committee consisting of three independent directors within six months of such determination date.

**Executive Sessions.** The NYSE requires that non-management directors meet regularly in executive sessions without management. The NYSE also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law, our non-management directors do not regularly hold executive sessions without management and we do not expect them to do so in the future.

**Shareholder Approval of Equity Compensation Plans.** The NYSE requires listed companies to obtain prior shareholder approval to adopt or materially revise any equity compensation plan. As a foreign private issuer, however, and as permitted under Marshall Islands law and our amended and restated bylaws, we do not need prior shareholder approval to adopt or revise equity compensation plans, including our equity incentive plan.

**Corporate Governance Guidelines.** The NYSE requires U.S. companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

## Board of Directors and Executive Compensation

Our officers, who may also serve as our directors, will not receive additional compensation for their services as directors. We anticipate that each non-management director will receive compensation for attending meetings of our board of directors, as well as committee meetings. Prior to the completion of the second calendar quarter of 2014, upon completion of the management transition described below under “Related Party Agreements—Management Agreements,” the services of our management will be provided by our wholly-owned subsidiary, Dorian LPG (USA) LLC pursuant to a services agreement we will enter into with Dorian LPG (USA) LLC. Currently, the services of our executive management are provided pursuant to the management agreements with Dorian (Hellas). For more information on the management agreements with Dorian (Hellas), please see “Related Party Transactions—Management Agreements.” Pursuant to the services agreement we expect to enter into with Dorian LPG (USA) LLC, we expect to pay aggregate compensation in 2014 to our executive officers of approximately \$1.7 million. We expect non-management directors will each receive a director fee of \$12,000 plus \$5,000 per meeting per year, and the chairman of the audit committee will receive a fee of \$50,000 per year. In addition, each director will be reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Each director will be fully indemnified by us for actions associated with being a director to the extent permitted under Marshall Islands law. Further, none of the members of our board of directors or officers will receive any benefits upon termination of their directorships or officer positions.

It is expected that our officers and directors will be eligible to receive awards under an equity incentive plan that we plan to adopt prior to the completion of this offering and which is described below under “—Equity Incentive Plan.” Concurrent with or following this offering, we expect to grant awards to our directors and officers under this equity incentive plan, including grants of an aggregate of 1.5 million shares of restricted stock (which amount does not give effect to the one-for-reverse stock split of our common shares to be effected prior to the completion of this offering) that we anticipate will vest over 5 years.

## Equity Incentive Plan

Prior to the completion of this offering, we plan to adopt an equity incentive plan, which we refer to as the Equity Incentive Plan, under which we expect that directors, officers, and employees (including any prospective officer or employee) of the Company and its subsidiaries and affiliates, and consultants and service providers to (including persons who are employed by or provide services to any entity that is itself a consultant or service provider to) the Company and its subsidiaries and affiliates, as well as entities wholly-owned or generally exclusively controlled by such persons, may be eligible to receive non-qualified stock options, stock appreciation rights, stock awards, restricted stock units and performance compensation awards that the plan administrator determines are consistent with the purposes of the plan and the interests of the Company. We anticipate reserving approximately \_\_\_\_\_ of our common shares for issuance under the Equity Incentive Plan, subject to adjustment for changes in capitalization as provided in the Equity Incentive Plan. We anticipate that the plan would be administered by a committee appointed by our board of directors, which may be our compensation committee.

Under the expected terms of the plan, stock options and stock appreciation rights granted under the plan would have an exercise price as determined by the plan administrator, but in no event would the exercise price be less than the fair market value of a common share on the date of grant. We expect that options and stock appreciation rights would be exercisable at times and under conditions as determined by the plan administrator, but in no event would they be exercisable later than ten years from the date of grant.

Under the expected terms of the plan, the plan administrator would also be able to grant shares issued or transferred to participants with or without other payments therefor. Such share awards may be subject to such terms and conditions as the plan administrator may determine, including, without limitation, restrictions on the sale or other disposition of such shares, and/or the right of the Company to reacquire such shares for no consideration upon termination of the participant's employment or service within specified periods, and the plan administrator would have the authority to determine whether the grantee of any such share award would have all the rights of a holder of common shares of the Company, including the right to receive dividends and to vote the shares.

Under the expected terms of the plan, the plan administrator would be permitted to grant awards of restricted stock units subject to vesting criteria as determined by the plan administrator. The plan administrator would be authorized to provide for payment of restricted stock units in the form of cash or common shares or a combination of both. The plan administrator could grant dividend equivalents with respect to grants of restricted stock units.

Under the expected terms of the plan, performance compensation awards may be granted to participants as determined by the plan administrator. Such performance compensation awards could be in the form of our common shares or restricted stock units. Performance compensation awards could be awarded as short-term or long-term incentives. As may be provided under the plan, it is anticipated that the administrator would have the authority to make adjustments to performance targets for performance compensation awards which the administrator deems necessary or desirable, unless at the time of establishment of goals the administrator shall have precluded its authority to make such adjustments. Payment of earned performance compensation awards would be made in accordance with terms and conditions prescribed or authorized by the administrator. The administrator would be permitted to require or permit the deferral of the receipt of performance compensation awards upon such terms as the administrator deemed appropriate and in accordance with applicable tax laws.

Further, under the expected terms of the plan, the administrator would be permitted to grant awards to individual participants who are subject to the tax laws of nations other than the United States, which awards may have terms and conditions as determined by the administrator as necessary to comply with applicable foreign laws, provided, however, that no such awards may be granted and no action may be taken with respect to such awards which would result in a violation of applicable law, including the U.S. Securities Exchange Act of 1934 or the Internal Revenue Code.

We expect that, under the proposed plan, adjustments may be made to outstanding awards in the event of a corporate transaction or change in capitalization or other extraordinary event. In the event of a "change in control" (as defined in the plan), unless otherwise provided by the plan administrator in an award agreement, awards then outstanding would become fully vested and exercisable in full.

Under the expected terms of the plan, our board of directors would be authorized to amend or terminate the plan and may amend outstanding awards, provided that no such amendment or termination may be made that would materially impair any rights, or materially increase any obligations, of a grantee under an outstanding award. Shareholder approval of plan amendments will be required under certain circumstances. We expect that, unless terminated earlier by our board of directors, no awards could be granted under the plan more than ten years after the date the plan is adopted.

## Employees

As of the completion of our management transition described in "Related Party Transaction — Management Agreements," we expect to employ approximately 30 people, including contracted labor, in our offices in Greece, the U.S. and the United Kingdom.

## RELATED PARTY TRANSACTIONS

### Contribution and Conveyance Agreement

On July 29, 2013, we entered into a contribution and conveyance agreement with Dorian Holdings, pursuant to which we transferred 23,335,675 common shares to Dorian Holdings in exchange for the following:

- 100% of the interests in three vessel-owning subsidiaries (these subsidiaries own the *Captain Nicholas ML*, *Captain John NP* and *Captain Markos NL*, respectively);
- 100% of the interests in two subsidiaries which collectively have newbuilding contracts for two VLGCs, option rights to construct an additional 1.5 VLGCs and \$2.65 million in cash; and
- \$9.7 million in cash (\$7.4 million of which was used to reimburse Dorian Holdings for an advance for vessels under construction and \$2.3 million was used for the reimbursement of the cost of onboard inventories and LPG coolant).

Also on July 29, 2013, under the contribution and conveyance agreement, we acquired 100% of the interests in the vessel-owning subsidiary that owns the *Grendon*, plus inventory onboard, for \$6.6 million in cash.

### Option and Assignment Agreement

On July 29, 2013, we entered into an option and assignment agreement with Dorian Holdings, Dorian (Hellas), an affiliate of Dorian Holdings, and SEACOR Gas Transport Corporation (“SEACOR Gas”), an affiliate of SeaDor Holdings, pursuant to which Dorian Holdings and SEACOR Gas have assigned, conveyed, transferred and delivered their rights under their respective option agreements for the construction of three additional newbuildings to us.

On February 14, 2014 we exercised our option for the construction of three newbuildings pursuant to the rights granted to us under the option and assignment agreement.

### Contribution and Release Agreement

On July 29, 2013, we entered into a contribution and release agreement with Dorian (Hellas) and SeaDor Holdings, pursuant to which SEACOR Holdings Inc. provided to us \$49.9 million in cash and transferred, assigned, set over and delivered its right, title and interest in Seacor LPG I LLC, one of the entities with an assigned newbuilding contract, to us against a consideration of an aggregate of 23,335,675 common shares and \$301,173.

In connection with our transactions with SEACOR Holdings Inc. and its affiliates entered into on July 29, 2013, pursuant to arrangements between the shipbroker, an unrelated third party, and Eagle Ocean Transport, a company 100% owned by Mr. John Hadjipateras, up to 50% of the fees paid by us to the shipbroker may be rebated to Eagle Ocean Transport. Any amounts which are rebated to Eagle Ocean Transport in respect of the three vessels subject to options acquired in those transactions shall be shared evenly with SEACOR Holdings Inc. Pursuant to these arrangements, we expect that Eagle Ocean Transport may receive up to approximately \$2.2 million and SEACOR Holdings Inc. may receive up to approximately \$0.5 million.

### License Agreement

On July 29, 2013, we entered into a license agreement with Dorian Holdings pursuant to which Dorian Holdings has granted us a non-transferable, non-exclusive, perpetual (subject to termination for material breach or a change of control event), worldwide, royalty-free right and license to use the Dorian logo and “Dorian LPG” in connection with our LPG business.

### Management Agreements

On July 26, 2013, each of CMNL LPG Transport LLC, CJNP LPG Transport LLC, CNML LPG Transport LLC and Grendon Tanker LLC, our wholly-owned subsidiaries which own the four vessels of our Initial Fleet, entered into a ship management agreement with Dorian (Hellas) pursuant to which Dorian (Hellas), through its subcontractors Eagle Ocean and Highbury, provides management services to us on substantially the same terms as the management agreements between Dorian (Hellas) and our Predecessor. Under the management agreements, Dorian (Hellas) also provides strategic, financial and commercial management services through Eagle Ocean and chartering, legal and insurance services through Highbury, and receives a fixed annual fee of

\$1,125,000, or \$93,750 per month, for each of the four vessels in our Initial Fleet. We expect that these management agreements will be terminated prior to the end of the second calendar quarter of 2014, pursuant to our transition to in-house management as described below.

In addition, pursuant to a newbuilding supervision agreement entered into with Dorian (Hellas), Dorian (Hellas) provides newbuilding supervision services through Eagle Ocean for a fee of \$15,000 per month per vessel until the completion of the management transition described below. We expect that this newbuilding supervision agreement will be terminated prior to the end of the second calendar quarter of 2014, pursuant to our transition to in-house management as described below.

Pursuant to transition agreements entered into with Dorian (Hellas), we intend to transition all management functions to our wholly-owned subsidiaries Dorian LPG Management, Dorian LPG (USA) LLC, and Dorian LPG (UK) LLC prior to the end of the second calendar quarter of 2014. Subsequent to the completion of this transition, no fees for such services will be paid to any related parties and no consideration is payable by us to Dorian (Hellas), other than the management fees described above, in connection with the transition of these services. In addition, pursuant to the transition agreements, each of Dorian (Hellas), Eagle Ocean and Highbury will transfer a certain number of employees and selected assets to our wholly-owned subsidiaries. A limited number of transferred employees may continue to supply selected services to Dorian (Hellas), Eagle Ocean or Highbury.

### **Shareholders Agreement and Purchase Agreement**

On November 26, 2013, we entered into a purchase agreement with Scorpio Tankers, pursuant to which we issued 39,952,123 common shares to Scorpio Tankers in exchange for shipbuilding contracts for the construction of 13 newbuilding VLGCs, under which aggregate installments of \$83.1 million had been paid, and cash in the amount of \$1.93 million. Concurrently, we entered into a shareholders agreement with Scorpio Tankers and our existing shareholders SeaDor Holdings and Dorian Holdings, pursuant to which we granted Scorpio Tankers, SeaDor Holdings and Dorian Holdings certain rights, including consent rights, preemptive rights, rights of first offer and tag-along rights, which will expire prior to the closing of this offering. Scorpio Tankers also received the right to appoint one director to our Board for so long as Scorpio Tankers beneficially owns 10% of our outstanding common shares. In addition, until the earlier of April 27, 2015 and the date that Scorpio Tankers ceases to be entitled to appoint one director to our Board, Scorpio Tankers, SeaDor Holdings and Dorian Holdings agreed not to compete with us, either directly or indirectly, in the business of owning and operating VLGC and LGC vessels.

Pursuant to the shareholders agreement, Scorpio Tankers, SeaDor Holdings and Dorian Holdings will have the right, subject to certain terms and conditions, to require us, on up to three separate occasions beginning 180 days following the closing of this offering, to register under the Securities Act our common shares held by them for offer and sale to the public, including by way of underwritten public offering (provided that each such shareholder shall be entitled to request one additional demand registration to the extent such shareholder has not been included or did not participate in any demand registration). In addition, Scorpio Tankers, SeaDor Holdings and Dorian Holdings may require us to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. Scorpio Tankers, SeaDor Holdings and Dorian Holdings will also have the ability to exercise certain piggyback registration rights permitting participation in certain registrations of common shares by us. All expenses relating to registration will be borne by us.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of shares as of the date of this prospectus and upon completion of this offering held by beneficial owners of 5% or more of our shares and by all of our directors and officers as a group. The persons in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them. All of our shareholders, including the shareholders listed in the table below, are entitled to one vote for each common share held. The following information gives effect to a one-for- reverse stock split of our common shares to be effected prior to the completion of this offering.

Name and Address of Beneficial Owner	Shares Beneficially Owned Prior to Offering		Shares to be Beneficially Owned After Offering	
	Number	Percentage(1)	Number	Percentage(1)
Scorpio Tankers Inc.	64,073,745	26.5%		
SeaDor Holdings LLC (2)(3)	46,635,675	19.3%		
Dorian Holdings LLC (2)(4)	28,214,119	11.7%		
Kensico Capital Management Corporation (5)	23,066,548	9.5%		
Directors and executive officers as a group	*	*		

\* Less than 1%

(1) Calculated based on shares, which assumes the underwriters do not exercise their over-allotment option.

(2) Deemed to beneficially own these shares through Concord LPG Holdings LLC.

(3) SeaDor Holdings LLC is wholly owned by SEACOR Holdings Inc.

(4) Dorian Holdings LLC is wholly owned by Astromar LLC, of which John Hadjipateras, our Chairman, President and Chief Executive Officer, is a shareholder. The members of the Board of Directors of Astromar LLC are John Hadjipateras, Olympia Kedrou, Chrysanthi Xyla, Kyveli Lykouri and Eirini Dampasi.

(5) Michael Lowenstein and Thomas J. Coleman serve as Co-Presidents of Kensico Capital Management Corporation and may be deemed to have voting and dispositive power over the shares held by Kensico Capital Management Corporation.

## DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our articles of incorporation and bylaws currently in effect. Because the following is a summary, it does not contain all of the information that you may find useful. For more complete information, please read our articles of incorporation and bylaws, copies of which are filed as exhibits to the registration statement, of which this prospectus is a part.

### Purpose

Our purpose, as stated in our articles of incorporation, is to engage in any lawful act or activity for which companies may be organized under the Marshall Islands Business Corporation Act of 1981, or the BCA.

### Authorized Capitalization

Under our articles of incorporation, our authorized share capital consists of 450 million common shares, par value \$0.01 per share, of which 241,825,149 shares were issued and outstanding as of the date of this prospectus and 50 million preferred shares, par value \$0.01 per share, of which no shares were issued and outstanding as of the date of this prospectus. Upon consummation of this offering, we will have outstanding common shares and no preferred shares. All of our shares are in registered form.

### Common Shares

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding preferred shares, holders of common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. Please read "Dividend Policy." Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution. Holders of common shares do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common shares are subject to the rights of the holders of any preferred shares which we may issue in the future.

### Preferred shares

Our articles of incorporation authorize our board of directors to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series, which our board may, except where otherwise provided in the preferred shares designation, increase or decrease, but not below the number of shares then outstanding;
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other corporation, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates and any rate adjustments;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

## **Authorized but Unissued Share Capital**

The BCA does not require shareholders' approval for any issuance of authorized shares.

## **Share History**

On July 1, 2013, we issued 100 shares to Dorian Holdings in connection with our formation.

On July 29, 2013, we issued 93,221,621 shares in a private transaction exempt from registration under the Securities Act, of which Dorian Holdings and SEACOR Holdings purchased 23,335,675 and 23,335,675 shares respectively, with the balance purchased by other qualified institutional buyers and non-U.S. persons.

On November 26, 2013, we issued 39,952,123 shares to Scorpio Tankers in a private transaction exempt from registration under the Securities Act.

On November 26, 2013, we issued 80,405,405 shares in a private transaction exempt from registration under the Securities Act, of which Scorpio Tankers, Dorian Holdings and SeaDor Holdings purchased 24,121,621, 4,878,444 and 23,300,000 shares, respectively, with the balance purchased by other qualified institutional buyers and non-U.S. persons.

On February 12, 2014, we issued 28,246,000 shares in a private transaction exempt from registration under the Securities Act.

Concurrently with this offering, we will offer to exchange all of our unregistered shares other than those held by our affiliates for shares that have been registered under the Securities Act, which we refer to as the Exchange Offer. The Exchange Offer will be made only by means of a prospectus and a related letter of transmittal.

## **Directors**

Our articles of incorporation provide that, subject to any rights of holders of preferred shares, our directors shall be divided into three classes. The term of office of one or another of the three classes shall expire each year. The term of the first class of our directors will expire at the annual general meeting in 2014, the second class of our directors will expire at the annual general meeting in 2015 and the third class of our directors will expire at the annual general meeting in 2016. The directors elected at our general meetings shall be identified as being directors of the same class as the ones they succeed, and shall hold office until the third succeeding annual general meeting. Any vacancies in the Board for any reason, and any created directorships resulting from any increase in the number of directors, may be filled by the vote of not less than a majority of the members of the Board then in office, and any such director so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. Our articles of incorporation provide that no director may be removed except both for cause and with the affirmative vote of two-thirds of the votes cast at an annual general meeting.

## **Shareholder meetings**

Under our amended and restated bylaws, annual meetings of shareholders will be held at a time and place selected by our board of directors. The meetings may be held in or outside of the Republic of The Marshall Islands. Special meetings may be called at any time by a majority of our board of directors, the chairman of our board of directors or an officer of the Company who is also a director. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting. One or more shareholders representing at least one-third of the total voting rights of our total issued and outstanding shares present in person or by proxy at a shareholder meeting shall constitute a quorum for the purposes of the meeting.

## **Dissenters' Rights of Appraisal and Payment**

Under the BCA, our shareholders have the right to dissent from various corporate actions, including certain mergers or consolidations or sales of all or substantially all of our assets not made in the usual course of our business, and receive payment of the fair value of their shares, subject to exceptions. For example, the right of a dissenting shareholder to receive payment of the fair value of his shares is not available if for the shares of any class or series of shares, which shares at the record date fixed to determine the shareholders entitled to receive notice of and vote at the meeting of shareholders to act upon the agreement of merger or consolidation, were either (1) listed on a securities exchange or admitted for trading on an interdealer quotation system or (2) held of record by more than 2,000 holders. In the event of any further amendment of our articles of incorporation, a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder

must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting shareholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the High Court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which the company's shares are primarily traded on a local or national securities exchange. The value of the shares of the dissenting shareholder is fixed by the court after reference, if the court so elects, to the recommendations of a court-appointed appraiser.

### **Shareholders' Derivative Actions**

Under the BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of common shares both at the time the derivative action is commenced and at the time of the transaction to which the action relates.

### **Limitations on Liability and Indemnification of Officers and Directors**

The BCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our articles of incorporation include a provision that eliminates the personal liability of directors and officers for monetary damages for actions taken as a director or officer to the fullest extent permitted by law.

Our articles of incorporation provide that we must indemnify our directors and officers to the fullest extent authorized by law. We are also expressly authorized to advance certain expenses (including attorneys' fees) to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our articles of incorporation may discourage shareholders from bringing a lawsuit against directors or officers for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

### **Anti-takeover Effects of Certain Provisions of Our Articles of Incorporation and Bylaws**

Several provisions of our articles of incorporation and bylaws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (i) the merger or acquisition of us by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and (ii) the removal of incumbent officers and directors.

#### ***“Blank Check” Preferred Shares***

Under the terms of our articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series. Our board of directors may issue preferred shares on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

#### ***Election and removal of directors***

Our articles of incorporation prohibit cumulative voting in the election of directors. Our bylaws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Our articles of incorporation also provide that our directors may be removed for cause upon the affirmative vote of not less than two-thirds of the outstanding shares of our capital stock entitled to vote for those directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

### ***Limited actions by stockholders***

Our amended and restated articles of incorporation and our bylaws provide that any action required or permitted to be taken by our shareholders must be effected at an annual or special meeting of shareholders or by the unanimous written consent of our shareholders. Our amended and restated articles of incorporation and our bylaws provide that, unless otherwise prescribed by law, only a majority of our board of directors, the chairman of our board of directors or an officer of the Company who is also a director may call special meetings of our shareholders and the business transacted at the special meeting is limited to the purposes stated in the notice. Accordingly, a shareholder may be prevented from calling a special meeting for shareholder consideration of a proposal over the opposition of our board of directors and shareholder consideration of a proposal may be delayed until the next annual meeting.

### ***Advance notice requirements for shareholder proposals and director nominations***

Our amended and restated bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be received at our principal executive offices not less than 120 days nor more than 150 days prior to the one-year anniversary of the immediately preceding annual meeting of shareholders. Our amended and restated bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede shareholders' ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

### ***Classified board of directors***

As described above, our amended and restated articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered three year terms. Accordingly, approximately one-third of our board of directors will be elected each year. This classified board provision could discourage a third-party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of our board of directors from removing a majority of our board of directors for two years.

### ***Business combinations***

Although the BCA does not contain specific provisions regarding "business combinations" between companies organized under the laws of the Marshall Islands and "interested shareholders," we have included these provisions in our articles of incorporation. Specifically, our amended and restated articles of incorporation prohibit us from engaging in a "business combination" with certain persons for three years following the date the person becomes an interested shareholder. Interested shareholders generally include:

- any person who is the beneficial owner of 15% or more of our outstanding voting stock; or
- any person who is our affiliate or associate and who held 15% or more of our outstanding voting stock at any time within three years before the date on which the person's status as an interested shareholder is determined, and the affiliates and associates of such person.

Subject to certain exceptions, a business combination includes, among other things:

- certain mergers or consolidations of us or any direct or indirect majority-owned subsidiary of ours;
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition of our assets or of any subsidiary of ours having an aggregate market value equal to 10% or more of either the aggregate market value of all of our assets, determined on a combined basis, or the aggregate value of all of our outstanding stock;
- certain transactions that result in the issuance or transfer by us of any stock of ours to the interested shareholder;
- any transaction involving us or any of our subsidiaries that has the effect of increasing the proportionate share of any class or series of stock, or securities convertible into any class or series of stock, of ours or any such subsidiary that is owned directly or indirectly by the interested shareholder or any affiliate or associate of the interested shareholder; and
- any receipt by the interested shareholder of the benefit directly or indirectly (except proportionately as a shareholder) of any loans, advances, guarantees, pledges or other financial benefits provided by or through us.

These provisions of our articles of incorporation do not apply to a business combination if:

- before a person became an interested shareholder, our board of directors approved either the business combination or the transaction in which the shareholder became an interested shareholder;
- upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, other than certain excluded shares;
- at or following the transaction in which the person became an interested shareholder, the business combination is approved by our board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock that is not owned by the interest shareholder;
- the shareholder was or became an interested shareholder prior to the closing of this initial public offering;
- a shareholder became an interested shareholder inadvertently and (i) as soon as practicable divested itself of ownership of sufficient shares so that the shareholder ceased to be an interested shareholder; and (ii) would not, at any time within the three-year period immediately prior to a business combination between us and such shareholder, have been an interested shareholder but for the inadvertent acquisition of ownership; or
- the business combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required under our articles of incorporation which (i) constitutes one of the transactions described in the following sentence; (ii) is with or by a person who either was not an interested shareholder during the previous three years or who became an interested shareholder with the approval of the board; and (iii) is approved or not opposed by a majority of the members of the board of directors then in office (but not less than one) who were directors prior to any person becoming an interested shareholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors. The proposed transactions referred to in the preceding sentence are limited to:
  - (i) a merger or consolidation of us (except for a merger in respect of which, pursuant to the BCA, no vote of our shareholders is required);
  - (ii) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of us or of any direct or indirect majority-owned subsidiary of ours (other than to any direct or indirect wholly-owned subsidiary or to us) having an aggregate market value equal to 50% or more of either the aggregate market value of all of our assets determined on a consolidated basis or the aggregate market value of all the outstanding shares; or
  - (iii) a proposed tender or exchange offer for 50% or more of our outstanding voting stock.

### **Transfer Agent**

The registrar and transfer agent for the common shares is .

### **Listing**

We will apply to have our common shares approved for listing on the NYSE under the symbol “LPG.”

## CERTAIN MARSHALL ISLANDS COMPANY CONSIDERATIONS

Our corporate affairs are governed by our articles of incorporation and bylaws and by the BCA. You should be aware that the BCA differs in certain material respects from the laws generally applicable to U.S. companies incorporated in the State of Delaware. While the BCA also provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Republic of the Marshall Islands and we can not predict whether Republic of the Marshall Islands courts would reach the same conclusions as U.S. courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction which has developed a substantial body of case law. The following table provides a comparison between the statutory provisions of the BCA and the Delaware General Corporation Law relating to shareholders' rights.

Marshall Islands	Delaware
<b>Shareholder Meetings and Voting Rights</b>	
Held at a time and place as designated or in the manner provided in the bylaws	Held at such time or place as designated in the certificate of incorporation or the bylaws, or if not so designated, as determined by the board of directors
Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the articles of incorporation or by the bylaws.	Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.
May be held within or outside the Republic of the Marshall Islands	May be held within or outside Delaware
Notice:	Notice:
Whenever shareholders are required or permitted to take action at a meeting, written notice shall state the place, date and hour of the meeting and, unless it is the annual meeting, indicate that it is being issued by or at the direction of the person calling the meeting	Whenever shareholders are required or permitted to take any action at a meeting, written notice shall state the place, if any, date and hour of the meeting and the means of remote communication, if any, by which shareholders may be deemed to be present and vote at the meeting
A copy of the notice of any meeting shall be given not less than 15 nor more than 60 days before the meeting	Written notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting
Any action required or permitted to be taken by meeting of shareholders may be taken without meeting if consent is in writing and is signed by all the shareholders entitled to vote	Unless otherwise provided in the certificate of incorporation, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote if consent is in writing and signed by the holders of outstanding stock having the number of votes necessary to authorize or take action at a meeting
Each shareholder entitled to vote may authorize another person to act for him by proxy	Each shareholder entitled to vote may authorize another person or persons to act for each shareholder by proxy

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**Shareholder Meetings and Voting Rights**


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Unless otherwise provided in the articles of incorporation, a majority of shares entitled to vote shall constitute a quorum but in no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting

The certificate of incorporation or bylaws may specify the number necessary to constitute a quorum but in no event shall a quorum consist of less than one-third of the shares entitled to vote at the meeting. In the absence of such specifications, a majority of shares entitled to vote at the meeting shall constitute a quorum

When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

Except as otherwise required by the BCA or our articles of incorporation, directors shall be elected by a plurality of the votes cast by holders of shares entitled to vote, and, except as required or permitted by the BCA or our articles of incorporation, any other corporate action shall be authorized by a majority of votes cast by holders of shares entitled to vote thereon

Unless otherwise specified in the certificate of incorporation or bylaws, directors shall be elected by a plurality of the votes of the shares entitled to vote on the election of directors, and, in all other matters, the affirmative vote of the majority of the shares entitled to vote on the subject matter shall be the act of the shareholders

The articles of incorporation may provide for cumulative voting

The certificate of incorporation may provide for cumulative voting

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**Dissenters' Rights of Appraisal**


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Shareholders have a right to dissent from a merger or consolidation or sale or exchange of all or substantially all assets not made in the usual and regular course of business, and receive payment of the fair value of their shares, subject to exceptions

Appraisal rights shall be available for the shares of a corporation in a merger or consolidation, subject to exceptions

A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment:

The certificate of incorporation may provide that appraisal rights are available for shares as a result of an amendment to the certificate of incorporation, any merger or consolidation or the sale of all or substantially all of the assets

Alters or abolishes any preferential right of any outstanding shares having preferences; or

Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or

Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or

Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class

**Shareholders' Derivative Actions**

An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of a beneficial interest in such shares. It shall be made to appear that the plaintiff is such a holder at the time of bringing the action and that he was such a holder at the time of the transaction of which he complains, or that his shares or his interest therein devolved upon him by operation of law

In any derivative suit instituted by a shareholder or a corporation, it shall be averred in the complaint that the plaintiff was a shareholder of the corporation at the time of the transaction of which he complains or that such shareholder's stock thereafter devolved upon such shareholder by operation of law

Complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort

Delaware Court of Chancery Rule 23.1 governs the procedures for derivative actions by shareholders

Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic of the Marshall Islands

Attorney's fees may be awarded if the action is successful

Corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of stock and the shares have a value of \$50,000 or less

**Directors**

Board must consist of at least one member

Board must consist of at least one member

Removal:

Removal:

- Any or all of the directors may be removed for cause by vote of the shareholders.
- If the articles of incorporation or the bylaws so provide, any or all of the directors may be removed without cause by vote of the shareholders.

- Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote except: (1) unless the certificate of incorporation otherwise provides, in the case of a corporation whose board is classified, stockholders may effect such removal only for cause, or (2) if the corporation has cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the entire board of directors, or, if there be classes of directors, at an election of the class of directors of which such director is a part.

Number of board members may be fixed by the by-laws, by the shareholders, or by action of the board under the specific provisions of a by-law

Number of board members may be changed by amendment of the by-laws, by the shareholders or by action of the board under specific provision of a by-law; however if the board is authorized to change the number of directors, it can only do so by a majority of the entire board

Number of board members shall be fixed by the by-laws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number shall be made only by amendment of the certificate

**Duties of Directors**

Members of a board of directors owe a fiduciary duty to the company to act honestly and in good faith with a view to the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The business and affairs of a corporation are managed by or under the direction of its board of directors. In exercising their powers, directors are charged with a fiduciary duty of care to protect the interests of the corporation and a fiduciary duty of loyalty to act in the best interests of its shareholders.

**SHARES ELIGIBLE FOR FUTURE SALE**

After this offering, we will have outstanding \_\_\_\_\_ shares. This includes the \_\_\_\_\_ we are selling in this offering, which may be resold in the public market immediately. The remaining \_\_\_\_\_ %, or \_\_\_\_\_ shares, of our total outstanding shares will become available for resale in the public market as shown in the chart below.

As restrictions on resale end, the market price could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them.

Number of shares / % of total outstanding	Date of availability for resale into public market
/ %	_____ days after the date of this prospectus due to an agreement these shareholders have with the underwriters. However, the underwriters can waive this restriction and allow these shareholders to sell their shares at any time subject to the limitations imposed by the U.S. securities laws applicable to our affiliates.
/ %	Following the completion of the Exchange Offer, which will be completed shortly after this offering, up to an additional _____ shares may be available for trading in the U.S. markets.

## TAX CONSIDERATIONS

The following is a discussion of the material Marshall Islands and United States federal income tax considerations relevant to an investment decision by a United States Holder and a Non-United States Holder, each as defined below, with respect to the common shares. This discussion does not purport to deal with the tax consequences of owning our common shares to all categories of investors, some of which, such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, insurance companies, persons holding our common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that have elected the mark-to-market method of accounting for their securities, persons liable for alternative minimum tax, persons who are investors in partnerships or other pass-through entities for U.S. federal income tax purposes, dealers in securities or currencies, United States Holders whose functional currency is not the United States dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of our shares of common stock, may be subject to special rules. This discussion deals only with holders who purchase common shares in connection with this offering and hold the common shares as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under United States federal, state, local or non-United States law of the ownership of common shares.

### **Marshall Islands Tax Considerations**

In the opinion of Seward & Kissel LLP, the following are the material Marshall Islands tax consequences of our activities to us and of our common shares to our shareholders. We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our shareholders.

### **United States Federal Income Tax Considerations**

In the opinion of Seward & Kissel LLP, our United States counsel, the following are the material United States federal income tax consequences to us of our activities and to United States Holders and Non-United States Holders, each as defined below, of the common shares. The following discussion of United States federal income tax matters is based on the United States Internal Revenue Code of 1986, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, or the Treasury Regulations, all of which are subject to change, possibly with retroactive effect. The discussion below is based, in part, on the description of our business as described in this prospectus and assumes that we conduct our business as described herein. References in the following discussion to the “Company,” “we,” “our” and “us” are to Dorian LPG Ltd. and its subsidiaries on a consolidated basis.

#### ***United States Federal Income Taxation of Operating Income: In General***

We anticipate that we will earn substantially all our income from the hiring of vessels for use on a time or spot charter basis and from the performance of services directly related to those uses, all of which we refer to as “shipping income.”

Unless we qualify from an exemption from United States federal income taxation under the rules of Section 883 of the Code, or Section 883, as discussed below, a foreign corporation such as the Company will be subject to United States federal income taxation on its “shipping income” that is treated as derived from sources within the United States, to which we refer as “United States source shipping income.” For United States federal income tax purposes, “United States source shipping income” includes 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

Shipping income attributable to transportation exclusively between non-United States ports will be considered to be 100% derived from sources entirely outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

Shipping income attributable to transportation exclusively between United States ports is considered to be 100% derived from United States sources. However, we are not permitted by United States law to engage in the transportation of cargoes that produces 100% United States source shipping income.

Unless we qualify for the exemption from tax under Section 883, our gross United States source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

#### ***Exemption of Operating Income from United States Federal Income Taxation***

Under Section 883 and the Treasury Regulations thereunder, a foreign corporation will be exempt from United States federal income taxation of its United States source shipping income if:

- (1) it is organized in a “qualified foreign country” which is one that grants an “equivalent exemption” from tax to corporations organized in the United States in respect of each category of shipping income for which exemption is being claimed under Section 883; and
- (2) one of the following tests is met:
  - (A) more than 50% of the value of its shares is beneficially owned, directly or indirectly, by “qualified shareholders,” which as defined includes individuals who are “residents” of a qualified foreign country, to which we refer as the “50% Ownership Test”; or
  - (B) its shares are “primarily and regularly traded on an established securities market” in a qualified foreign country or in the United States, to which we refer as the “Publicly-Traded Test.”

The Republic of The Marshall Islands, the jurisdiction where we and our ship-owning subsidiaries are incorporated, has been officially recognized by the United States Internal Revenue Service, or the IRS, as a qualified foreign country that grants the requisite “equivalent exemption” from tax in respect of each category of shipping income we earn and currently expect to earn in the future. Therefore, we will be exempt from United States federal income taxation with respect to our United States source shipping income if we satisfy either the 50% Ownership Test or the Publicly-Traded Test.

Prior to this offering, we do not believe that we were able to qualify for exemption under Section 883 and as a consequence, our gross United States source shipping income for our first short fiscal year ending March 31, 2014, derived from two vessel voyages transporting cargo from Houston to ports in Brazil, which we estimate to be approximately \$1,050,332, is subject to a 4% gross basis tax (without allowance for deductions), as described below, equal to approximately \$42,015.

After this offering, we anticipate that we will satisfy the Publicly-Traded Test but, as discussed below, this is a factual determination made on an annual basis. We do not currently anticipate circumstances under which we would be able to satisfy the 50% Ownership Test after this offering.

#### *Publicly-Traded Test*

The Treasury Regulations under Section 883 provide, in pertinent part, that shares of a foreign corporation will be considered to be “primarily traded” on an established securities market in a country if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. The Company’s common shares, which constitute its sole class of issued and outstanding stock will, after this offering, be “primarily traded” on the New York Stock Exchange, or the NYSE.

Under the Treasury Regulations, our common shares will be considered to be “regularly traded” on an established securities market if one or more classes of our shares representing more than 50% of our outstanding stock, by both total combined voting power of all classes of stock entitled to vote and total value, are listed on such market, to which we refer as the “listing threshold.” Since, after this offering, all our common shares will be listed on the NYSE, we expect to satisfy the listing threshold.

The Treasury Regulations also require that with respect to each class of stock relied upon to meet the listing threshold, (i) such class of stock traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year, which we refer to as the “trading frequency test”; and (ii) the aggregate number of shares of such class of stock traded on such market during the taxable year must be at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year, which we refer to as the “trading volume” test. We anticipate that we will satisfy the trading frequency and trading volume tests. Even if this were not the case, the Treasury Regulations provide that the trading frequency and trading volume tests will be deemed satisfied if, as is expected to be the case with our common shares, such class of stock is traded on an established securities market in the United States and such shares are regularly quoted by dealers making a market in such shares.

Notwithstanding the foregoing, the Treasury Regulations provide, in pertinent part, that a class of shares will not be considered to be “regularly traded” on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of outstanding stock, to which we refer as the “5% Override Rule.”

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of our common shares, or “5% Shareholders,” the Treasury Regulations permit us to rely on those persons that are identified on Schedule

13G and Schedule 13D filings with the United States Securities and Exchange Commission, as owning 5% or more of our common shares. The Treasury Regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the 5% Override Rule is triggered, the Treasury Regulations provide that the 5% Override Rule will nevertheless not apply if we can establish that within the group of 5% Shareholders, qualified shareholders (as defined for purposes of Section 883) own sufficient number of shares to preclude non-qualified shareholders in such group from owning 50% or more of our common shares for more than half the number of days during the taxable year.

We anticipate that after the offering is completed, we will be able to satisfy the Publicly-Traded Test and will not be subject to the 5% Override Rule. However, there are factual circumstances beyond our control that could cause us to lose the benefit of the Section 883 exemption. For example, there is a risk that we could no longer qualify for Section 883 exemption for a particular taxable year if “non-qualified” 5% Shareholders were to own 50% or more of our outstanding common shares on more than half the days of the taxable year. Under these circumstances, we would be subject to the 5% Override Rule and we would not qualify for the Section 883 exemption unless we could establish that our shareholding during the taxable year was such that non-qualified 5% Shareholders did not own 50% or more of our common shares on more than half the days of the taxable year. Under the Treasury Regulations, we would have to satisfy certain substantiation requirements regarding the identity of our shareholders. These requirements are onerous and there is no assurance that we would be able to satisfy them. Given the factual nature of the issues involved, we can give no assurances in regards of our or our subsidiaries’ qualification for the Section 883 exemption.

#### *Taxation in Absence of Section 883 Exemption*

If the benefits of Section 883 are unavailable, our United States source shipping income would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, or the “4% gross basis tax regime,” to the extent that such income is not considered to be “effectively connected” with the conduct of a United States trade or business, as described below. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being United States source shipping income, the maximum effective rate of United States federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent our United States source shipping income is considered to be “effectively connected” with the conduct of a United States trade or business, as described below, any such “effectively connected” United States source shipping income, net of applicable deductions, would be subject to United States federal income tax, currently imposed at rates of up to 35%. In addition, we would generally be subject to the 30% “branch profits” tax on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of our United States trade or business.

Our United States source shipping income would be considered “effectively connected” with the conduct of a United States trade or business only if:

- we have, or are considered to have, a fixed place of business in the United States involved in the earning of United States source shipping income; and
- substantially all of our United States source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not intend to have, or permit circumstances that would result in having, any vessel sailing to or from the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, it is anticipated that none of our United States source shipping income will be “effectively connected” with the conduct of a United States trade or business.

#### *United States Taxation of Gain on Sale of Vessels*

Regardless of whether we qualify for exemption under Section 883, we will not be subject to U.S. federal income tax with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

## ***United States Federal Income Taxation of United States Holders***

As used herein, the term “United States Holder” means a holder that for U.S. federal income tax purposes is a beneficial owner of common shares and is an individual United States citizen or resident, a United States corporation or other United States entity taxable as a corporation, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership holds the common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding the common shares, you are encouraged to consult your tax advisor.

### ***Distributions***

Subject to the discussion of passive foreign investment companies below, any distributions made by us with respect to our common shares to a United States Holder will generally constitute dividends to the extent of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the United States Holder’s tax basis in its common shares and thereafter as capital gain. Because we are not a United States corporation, United States Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common shares will generally be treated as foreign source dividend income and will generally constitute “passive category income” for purposes of computing allowable foreign tax credits for United States foreign tax credit purposes.

Dividends paid on our common shares to certain non-corporate United States Holders will generally be treated as “qualified dividend income” that is taxable to such United States Holders at preferential tax rates provided that (1) the common shares are readily tradable on an established securities market in the United States (such as the NYSE, on which our common shares will be traded), (2) the shareholder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend, and (3) we are not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year.

There is no assurance that any dividends paid on our common shares will be eligible for these preferential rates in the hands of such non-corporate United States Holders, although, as described above, we expect such dividends to be so eligible provided an eligible non-corporate United States Holder meets all applicable requirements and we are not a passive foreign investment company in the taxable year during which the dividend is paid or the immediately preceding taxable year. Any dividends paid by us which are not eligible for these preferential rates will be taxed as ordinary income to a non-corporate United States Holder.

Special rules may apply to any “extraordinary dividend”—generally, a dividend in an amount which is equal to or in excess of 10% of a shareholder’s adjusted tax basis in a common share—paid by us. If we pay an “extraordinary dividend” on our common shares that is treated as “qualified dividend income,” then any loss derived by certain non-corporate United States Holders from the sale or exchange of such common shares will be treated as long term capital loss to the extent of such dividend.

### ***Sale, Exchange or Other Disposition of Common Shares***

Assuming we do not constitute a passive foreign investment company for any taxable year, a United States Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the United States Holder from such sale, exchange or other disposition and the United States Holder’s tax basis in such shares. Such gain or loss will be treated as long-term capital gain or loss if the United States Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as United States source income or loss, as applicable, for United States foreign tax credit purposes. Long-term capital gains of certain non-corporate United States Holders are currently eligible for reduced rates of taxation. A United States Holder’s ability to deduct capital losses is subject to certain limitations.

### ***Passive Foreign Investment Company Status and Significant Tax Consequences***

Special United States federal income tax rules apply to a United States Holder that holds shares in a foreign corporation classified as a “passive foreign investment company,” or a PFIC, for United States federal income tax purposes. In general, we will be treated as a PFIC with respect to a United States Holder if, for any taxable year in which such holder holds our common shares, either

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether we are a PFIC, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any of our ship-owning subsidiaries in which we own at least 25% of the value of the subsidiary's stock. Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

The PFIC rules contain an exception pursuant to which a foreign corporation will not be treated as a PFIC during its "start-up year." Under this exception, a foreign corporation will not be treated as a PFIC for the first taxable year the corporation has gross income if (1) no predecessor of the corporation was a PFIC; (2) the corporation satisfies the IRS that it will not be a PFIC for either of the first two taxable years following the start-up year; and (3) the corporation is not in fact a PFIC for either of those taxable years. We may be able to rely upon the start-up exception to avoid being treated as a PFIC for our initial taxable year. However, as discussed below, we may be treated as a PFIC during either our 2014 taxable year or our 2015 taxable year. Currently, our taxable year ends on March 31. In addition, there is limited guidance regarding the application of the start-up exception. Therefore, there can be no assurance that we will be able to satisfy the exception.

We believe that income we earn from the voyage charters, and also from time charters, for the reasons discussed below, of our initial fleet during our initial taxable year 2014 and our taxable year 2015 will be treated as active income for PFIC purposes and as a result, we intend to take the position that the first leg of the PFIC criteria, the 75% income test, does not apply for either our initial taxable year 2014 or the taxable year 2015.

Whether we are or will be treated a PFIC for our initial taxable year 2014 and our taxable year 2015 will depend, in part, upon whether our newbuilding contracts and the deposits made thereon are treated as assets held for the production of passive income and the level of cash held on hand during each of these taxable years. In making such determination, we intend to take the position that the newbuilding contracts and the deposits thereon are assets held for the production of active income on the basis that we expect to either time or voyage charter all vessels upon their completion and delivery under the newbuilding contracts. However, there is no direct authority on this point and it is possible that the IRS may disagree with our position.

Assuming there is no substantial delay in the current vessel delivery schedules under our newbuilding contracts and all, or substantially all, of the vessels upon completion and delivery under such newbuilding contracts will be voyage or time chartered, we intend to take the position for the taxable year 2016 that we will not be treated as a PFIC on the basis that vessels operating on voyage or time charters should be treated as assets held for the production of active income. Our belief is based principally on the position that the gross income we derive from our voyage or time chartering activities should constitute services income, rather than rental income. Accordingly, such income should not constitute passive income, and the assets that we own and operate in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether we are a PFIC. There is substantial legal authority supporting this position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters as services income for other tax purposes. However, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, for any taxable year in which we are, or were to be treated as, a PFIC, a United States Holder would be subject to different taxation rules depending on whether the United States Holder makes an election to treat us as a "Qualified Electing Fund," which election we refer to as a "QEF election." As an alternative to making a QEF election, a United States Holder should be able to make a "mark-to-market" election with respect to our common shares, as discussed below. A United States holder of shares in a PFIC will be required to file an annual information return containing information regarding the PFIC as required by applicable Treasury Regulations. We intend to promptly notify our shareholders if we determine we are a PFIC for any taxable year.

#### *Taxation of United States Holders Making a Timely QEF Election*

If a United States Holder makes a timely QEF election, which United States Holder we refer to as an "Electing Holder," the Electing Holder must report for United States federal income tax purposes its pro rata share of our ordinary earnings and net capital gain, if any, for each of our taxable years during which we are a PFIC that ends with or within the taxable year of the Electing Holder, regardless of whether distributions were received from us by the Electing Holder. No portion of any such inclusions of ordinary earnings will be treated as "qualified dividend income." Net capital gain inclusions of certain non-corporate United States Holders

would be eligible for preferential capital gains tax rates. The Electing Holder's adjusted tax basis in the common shares will be increased to reflect any income included under the QEF election. Distributions of previously taxed income will not be subject to tax upon distribution but will decrease the Electing Holder's tax basis in the common shares. An Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that we incur with respect to any taxable year. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common shares. A United States Holder would make a timely QEF election for our common shares by filing one copy of IRS Form 8621 with his United States federal income tax return for the first year in which he held such shares when we were a PFIC. If we take the position that we are not a PFIC for any taxable year, and it is later determined that we were a PFIC for such taxable year, it may be possible for a United States Holder to make a retroactive QEF election effective for such year. If we were to be treated as a PFIC for our initial taxable year 2015 and our taxable year 2015, we anticipate that, based on our current projections, we would not have a significant amount of taxable income or gain that would be required to be included in income for each such year by United States Holders who have QEF elections in effect for such year. If we determine that we are a PFIC for any taxable year, we will provide each United States Holder with all necessary information required for the United States Holder to make the QEF election and to report its pro rata share of our ordinary earnings and net capital gain, if any, for each of our taxable years during which we are a PFIC that ends with or within the taxable year of the Electing Holder as described above.

#### *Taxation of United States Holders Making a "Mark-to-Market" Election*

Alternatively, for any taxable year in which we determine that we are a PFIC, and, assuming as we anticipate will be the case, our shares are treated as "marketable stock," a United States Holder would be allowed to make a "mark-to-market" election with respect to our common shares, provided the United States Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the United States Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such Holder's adjusted tax basis in the common shares. The United States Holder would also be permitted an ordinary loss in respect of the excess, if any, of the United States Holder's adjusted tax basis in the common shares over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A United States Holder's tax basis in his common shares would be adjusted to reflect any such income or loss amount recognized. In a year when we are a PFIC, any gain realized on the sale, exchange or other disposition of our common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the United States Holder.

#### *Taxation of United States Holders Not Making a Timely QEF or Mark-to-Market Election*

For any taxable year in which we determine that we are a PFIC, a United States Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (i) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common shares), and (ii) any gain realized on the sale, exchange or other disposition of our common shares. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, would be taxed as ordinary income and would not be "qualified dividend income"; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

#### *United States Federal Income Taxation of "Non-United States Holders"*

As used herein, the term "Non-United States Holder" means a holder that, for United States federal income tax purposes, is a beneficial owner of common shares (other than a partnership) that is not a United States Holder.

If a partnership holds our common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common shares, you are encouraged to consult your tax advisor.

*Dividends on Common Shares*

A Non-United States Holder generally will not be subject to United States federal income or withholding tax on dividends received from us with respect to our common shares, unless:

- the dividend income is effectively connected with the Non-United States Holder's conduct of a trade or business in the United States; or
- the Non-United States Holder is an individual who is present in the United States for 183 days or more during the taxable year of receipt of the dividend income and other conditions are met.

*Sale, Exchange or Other Disposition of Common Shares*

A Non-United States Holder generally will not be subject to United States federal income or withholding tax on any gain realized upon the sale, exchange or other disposition of our common shares, unless:

- the gain is effectively connected with the Non-United States Holder's conduct of a trade or business in the United States; or
- the Non-United States Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

*Income or Gains Effectively Connected with a United States Trade or Business*

If the Non-United States Holder is engaged in a United States trade or business for United States federal income tax purposes, dividends on our common shares and gain from the sale, exchange or other disposition of our common shares, that are effectively connected with the conduct of that trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment), will generally be subject to regular United States federal income tax in the same manner as discussed in the previous section relating to the taxation of United States Holders. In addition, in the case of a corporate Non-United States Holder, its earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable United States income tax treaty.

*Backup Withholding and Information Reporting*

In general, dividend payments, or other taxable distributions, and the payment of the gross proceeds on a sale of our common shares, made within the United States to a non-corporate United States Holder will be subject to information reporting. Such payments or distributions may also be subject to backup withholding if the non-corporate United States Holder:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that it has failed to report all interest or dividends required to be shown on its federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Non-United States Holders may be required to establish their exemption from information reporting and backup withholding with respect to dividends payments or other taxable distribution on our common shares by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable. If a Non-United States Holder sells our common shares to or through a United States office of a broker, the payment of the proceeds is subject to both United States backup withholding and information reporting unless the Non-United States Holder certifies that it is a non-United States person, under penalties of perjury, or it otherwise establish an exemption. If a Non-United States Holder sells our common shares through a non-United States office of a non-United States broker and the sales proceeds are paid outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if a Non-United States Holder sells our common shares through a non-United States office of a broker that is a United States person or has some other contacts with the United States. Such information reporting requirements will not apply, however, if the broker has documentary evidence in its records that the Non-United States Holder is not a United States person and certain other conditions are met, or the Non-United States Holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Rather, a refund may generally be obtained of any amounts withheld under backup withholding rules that exceed the taxpayer's United States federal income tax liability by filing a timely refund claim with the IRS.

Individuals who are United States Holders (and to the extent specified in applicable Treasury regulations, Non-United States Holders and certain United States entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury Regulations). Specified foreign financial assets would include, among other assets, our common shares, unless the common shares are held in an account maintained with a United States financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual United States Holder (and to the extent specified in applicable Treasury Regulations, a Non-United States Holder or a United States entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of United States federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. United States Holders (including United States entities) and Non-United States Holders are encouraged consult their own tax advisors regarding their reporting obligations in respect of our common shares.

## UNDERWRITING

We are offering the common shares described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and UBS Securities LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of common shares listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
UBS Securities LLC	
<b>Total</b>	

The underwriters are committed to purchase all the common shares offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the common shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of \$ \_\_\_\_\_ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to \$ \_\_\_\_\_ per share from the initial public offering price. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to \_\_\_\_\_ additional common shares from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this over-allotment option. If any shares are purchased with this over-allotment option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional common shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per common share less the amount paid by the underwriters to us per common share. The underwriting fee is \$ \_\_\_\_\_ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without over- allotment exercise	With full over- allotment exercise
Per Share	\$ _____	\$ _____
Total	\$ _____	\$ _____

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$ \_\_\_\_\_. We have agreed to reimburse the underwriters for legal fees of up to \$ \_\_\_\_\_ incurred in qualification of the offering with the Financial Industry Regulatory Authority (FINRA), which amount is deemed by FINRA to be underwriting compensation.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any common shares or securities convertible into or exchangeable or exercisable for any common shares, or publicly disclose the

intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any common shares or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of common shares or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC and UBS Securities LLC for a period of \_\_\_\_\_ days after the date of this prospectus, other than the common shares to be sold hereunder and any common shares issued upon the exercise of options granted under our equity incentive plan that we expect to adopt prior to the completion of this offering.

Our directors and executive officers, and certain of our significant shareholders have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of \_\_\_\_\_ days after the date of this prospectus, may not, without the prior written consent of J.P. Morgan Securities LLC and UBS Securities LLC, (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any common shares or any securities convertible into or exercisable or exchangeable for our common shares (including, without limitation, common shares or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common shares or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common shares or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any common shares or any security convertible into or exercisable or exchangeable for our common shares.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We will apply to have our common shares approved for listing on the NYSE under the symbol “LPG”.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling common shares in the open market for the purpose of preventing or retarding a decline in the market price of the common shares while this offering is in progress. These stabilizing transactions may include making short sales of the common shares, which involves the sale by the underwriters of a greater number of common shares than they are required to purchase in this offering, and purchasing common shares on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common shares, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common shares in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common shares or preventing or retarding a decline in the market price of the common shares, and, as a result, the price of the common shares may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on NYSE, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common shares. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;

- our prospects for future earnings;
- recent trading prices of our common shares on the Norwegian OTC Market;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common shares of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common shares, or that the shares will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), from and including the date on which the European Union Prospectus Directive (the “EU Prospectus Directive”) was implemented in that Relevant Member State (the “Relevant Implementation Date”) an offer of securities described in this prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of securities described in this prospectus may be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities described in this prospectus shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression “EU Prospectus Directive” means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

This prospectus does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations (“CO”) and the shares will not be listed on the SIX Swiss Exchange. Therefore, the prospectus may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange. Accordingly,

the shares may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to the shares with a view to distribution.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Solebury Capital LLC (“Solebury”), a FINRA member, is acting as our financial advisor in connection with the offering. We expect to pay Solebury, upon the successful completion of this offering, a fee of \$        for its services, and, in our discretion, may pay Solebury an additional incentive fee of up to \$        . We have also agreed to reimburse Solebury for certain expenses incurred in connection with the engagement of up to \$25,000. Solebury is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Solebury will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of Marshall Islands as a corporation. The Marshall Islands has a less developed body of securities laws as compared to the United States and provides protections for investors to a lesser extent.

Substantially all of our and our subsidiaries' assets are located outside the United States. As a result, it may be difficult or impossible for United States investors to effect service of process within the United States upon us, our directors or officers or our subsidiaries or to realize against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. However, we have expressly submitted to the jurisdiction of the U.S. federal and New York state courts sitting in the City of New York for the purpose of any suit, action or proceeding arising under the securities laws of the United States or any state in the United States, and we have appointed Gary J. Wolfe of Seward & Kissel LLP, located at One Battery Park Plaza, New York, New York 10004, to accept service of process on our behalf in any such action.

Seward & Kissel LLP, our counsel as to Marshall Islands law, has advised us that there is uncertainty as to whether the courts of the Marshall Islands would (1) recognize or enforce against us or our directors or officers judgments of courts of the United States based on civil liability provisions of applicable U.S. federal and state securities laws; or (2) impose liabilities against us or our directors and officers in original actions brought in the Marshall Islands, based on these laws.

## LEGAL MATTERS

Matters relating to United States law will be passed upon for us by Seward & Kissel LLP, One Battery Park Plaza, New York, New York 10004. The validity of the shares and certain other matters relating to Marshall Islands law will be passed upon for us by Seward & Kissel LLP, One Battery Park Plaza, New York, New York 10004. Certain legal matters with respect to United States Federal and New York law in connection with this offering will be passed upon for the underwriters by Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178.

## EXPERTS

The financial statement of Dorian LPG Ltd., as of July 1, 2013 included in this Prospectus has been audited by Deloitte-Hadjipavlou, Sofianos & Cambanis S.A., an independent registered public accounting firm, as stated in their report appearing herein. Such financial statement is included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The combined financial statements of the Predecessor Businesses of Dorian LPG Ltd., as of March 31, 2012 and 2013 and for the years ended March 31, 2012 and 2013, included in this Prospectus have been audited by Deloitte Hadjipavlou, Sofianos & Cambanis S.A., an independent registered public accounting firm, as stated in their report appearing elsewhere herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Deloitte Hadjipavlou, Sofianos & Cambanis S.A are located at Fragoklissias 3a & Granikou Street, Maroussi, Athens 151 25, Greece.

This prospectus has been reviewed by Poten & Partners (UK) Limited and the sections in this prospectus entitled "Prospectus Summary — Positive Industry Fundamentals" and "The LPG Shipping Industry" have been supplied by Poten & Partners (UK) Limited, which has confirmed to us that this prospectus and such sections accurately describe the LPG shipping industry.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to our shares offered by this prospectus. For the purposes of this section, the term "registration statement" means the original registration statement and any and all amendments, including the schedules and exhibits to the original registration statement or any amendment. This prospectus does not contain all of the information set forth in the registration statement on Form F-1 we filed. Although we believe that we have accurately summarized the material terms of documents filed as exhibits to the registration statement, you should read those exhibits for a complete statement of their provisions. The registration statement on Form F-1, including its exhibits and schedules, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330, and you may obtain copies at

prescribed rates from the Public Reference Section of the SEC at its principal office in Washington, D.C. 20549. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

We will furnish holders of our shares with annual reports containing audited financial statements and a report by our independent registered public accounting firm and intend to make available quarterly reports containing selected unaudited financial data for the first three quarters of each fiscal year. The audited financial statements will be prepared in accordance with U.S. GAAP and those reports will include a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section for the relevant periods. As a “foreign private issuer,” we are exempt from the rules under the Securities Exchange Act prescribing the furnishing and content of proxy statements to shareholders. While we furnish proxy statements to shareholders in accordance with the rules of any stock exchange on which our shares may be listed in the future, those proxy statements will not conform to Schedule 14A of the proxy rules promulgated under the Securities Exchange Act. In addition, as a “foreign private issuer,” our officers and directors are exempt from the rules under the Securities Exchange Act relating to short swing profit reporting and liability.

#### OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

We estimate the expenses in connection with the distribution of our shares in this offering, other than underwriting discounts and commissions, will be as set forth in the table below. We will be responsible for paying the following expenses associated with this offering.

SEC Registration Fee	\$
Printing and Engraving Expenses	\$
Legal Fees and Expenses	\$
Accountants’ Fees and Expenses	\$
NYSE Listing Fee	\$
FINRA Fee	\$
Transfer Agent’s Fees and Expenses	\$
Miscellaneous Costs	\$
Total	\$

## GLOSSARY OF SHIPPING TERMS

*Annual survey* . The inspection of a vessel pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

*Available days* . Calendar days less aggregate off-hire days associated with scheduled maintenance, which includes major repairs, drydockings, vessel upgrades or special or intermediate surveys. We use available days to measure the number of days in a period that our vessels should be capable of generating revenues.

*Bareboat charter* . A charter in which the customer (the charterer) pays a fixed daily rate for a fixed period of time for the full use of the vessel and becomes responsible for all crewing, management and navigation of the vessel and the expenses therefor.

*Brokerage commission* . Commission payable by the shipowner to the broker or other third parties, expressed as a percentage of the freight or hire and is part of the charterparty.

*Bunker* . Fuel, consisting of fuel oil and diesel, burned in a vessel's engines.

*Calendar Days* . The aggregate number of days in a period that each vessel in our fleet has been owned by us.

*cbm* . A cubic meter.

*Charter* . The hiring of a vessel, or use of its carrying capacity, for a specified period of time or transportation of cargo.

*Charterer* . A person, firm or company hiring a vessel for the carriage of goods or other purposes.

*Charterhire* . The gross revenue earned by a vessel pursuant to a bareboat, time or voyage charter.

*Charterparty* . A contract covering the transportation of cargo by sea, including the terms of the carriage, remuneration and other terms.

*Classification society* . An independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and complies with the applicable rules and regulations of the flag state of such vessel and the international conventions of which that country is a member.

*CLC* . International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended.

*Contract of affreightment, or "COA."* A contract of affreightment, or "COA," is a contract to carry specified quantities of cargo, usually over prescribed shipping routes, at a fixed price per ton basis (often subject to fuel price or other adjustments) over a defined period of time. Essentially, a COA constitutes a number of voyage charters to carry a specified amount of cargo during a specified time period (i.e., the term of the COA), which can span for months or years. All of a vessel's operating and voyage expenses when trading under a COA are typically borne by the shipowner.

*Cracker* . Also known as a catalytic cracker, a refinery unit for converting oils with high boiling points into fuels with lower boiling points in the presence of a catalyst. The cracker uses high temperatures, low pressure and a catalyst to create a chemical reaction that breaks heavy gas oil into smaller gasoline molecules.

*Draft* . Vertical distance between the waterline and the bottom of the vessel's keel.

*Drydocking* . The removal of a vessel from the water for inspection, maintenance and/or repair of submerged parts.

*Eco-design* . An environmentally friendly design that incorporates new technologies to improve fuel efficiency and reduce emissions.

*Flag state* . The country where a vessel is registered.

*Flaring* . The controlled burning of natural gas in the course of routine oil and gas production operations.

*Fleet utilization* . The number of operating days during a period divided by the number of available days during that period.

*Fully-refrigerated vessel* . A liquefied gas carrier designed to carry cargoes fully refrigerated at atmospheric pressure.

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*Gross ton* . Unit of 100 cubic feet or 2.831 cubic meters used in arriving at the calculation of gross tonnage.

*Hire rate* . The agreed sum or rate to be paid by the charterer for the use of the vessel.

*Hull* . Shell or body of a ship.

*IMO* . International Maritime Organization, a United Nations agency that issues international trade standards for shipping.

*Intermediate survey* . The inspection of a vessel by a classification society surveyor that takes place every two and a half years after the special survey.

*IGC Code* . International Gas Carrier Code, which, among other things, provides a standard for the safe carriage of LPG and certain other liquid gases.

*ISM Code* . International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, which, among other things, requires vessel owners to obtain a safety management certification for each vessel they manage.

*ISPS Code* . International Security Code for Ports and Ships, which enacts measures to detect and prevent security threats to ships and ports.

*Liquid natural gas, or “LNG .”* ethane that has been cooled to around -163°C, at which temperature it liquefies and can be transported in insulated tanks aboard specialized vessels.

*Liquid petroleum gas, or “LPG .”* The generic name given to the commercial gases, propane and butane.

*MARPOL* . The International Convention for the Prevention of Pollution from Ships.

*Metric ton* . A metric ton of 1,000 kilograms.

*Newbuilding* . A new vessel under construction or on order.

*Off-hire* . The time during which a vessel is not available for service or not employed.

*OPA90* . The United States Oil Pollution Act of 1990, as amended.

*Operating costs* . The costs of the vessels including crewing costs, insurance, repairs and maintenance, stores, spares, lubricants and miscellaneous expenses (but excluding capital costs and voyage expenses).

*Operating days* . A vessel’s available days less the aggregate number of days that it is off-hire for any reason other than scheduled maintenance.

*Orderbook* . A reference to currently placed orders for the construction of vessels.

*Petrochemical gases* . Industrial gases produced in petrochemical processes, such as ethylene, propylene, butadiene and vinyl chloride monomer.

*P&I* . Protection and indemnity. This denotes the insurance coverage taken by a ship owner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury, loss of life or other liabilities.

*P&I association* . A mutual insurance association providing P&I insurance coverage.

*Scrapping* . The disposal of old or damaged vessel tonnage by way of sale as scrap metal.

*Semi-refrigerated vessel* . A liquefied gas carrier designed to carry cargoes both fully refrigerated and under higher pressure than atmospheric pressure, also known as semi-pressurized vessels.

*Short-term time charter* . A charter for a term less than two years.

*Sister ships* . Vessels of the same specifications typically built at the same shipyard.

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*SOLAS* . International Convention for Safety of Life at Sea, which provides, among other things, rules for the construction and equipment of commercial vessels.

*Special survey* . The extensive inspection of a vessel by a classification society surveyor that takes place every five years.

*Spot charter* . See voyage charter.

*Spot market* . The market for chartering a vessel for single voyages.

*Strict liability* . Liability that is imposed without regard to fault.

*Time charter* . A charter in which the charterer pays for the use of a ship's cargo capacity for a specified period of time. The owner provides the ship with crew, stores and provisions, ready in all aspects to load cargo and proceed on a voyage as directed by the charterer. The charterer usually pays for bunkering and all voyage-related expenses, including canal tolls and port charges.

*Time charter equivalent, or "TCE," rate* . A measure of the average daily revenue performance of a vessel. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., time charters, voyage charters and COAs) under which the vessels may be employed between the periods. Our method of calculating TCE rate is to divide operating revenue (net of voyage expenses) by operating days for the relevant time period.

*Ton* . A metric ton of 1,000 kilograms.

*Utilization* . A measure of a company's efficiency in finding suitable employment for its vessels and minimizing the number of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning. Utilization is calculated by dividing the number of operating days during a period by the number of available days during the period.

*Venting* . The controlled release of gases into the atmosphere in the course of oil and gas production operations.

*Vessel operating expenses* . Expenses that are not unique to a specific voyage for which we are responsible under all types of vessel employment contracts we undertake. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes and other miscellaneous expenses.

*Voyage charter* . Also known as a spot charter. A charter in which the charterer pays for the use of a vessel's cargo capacity for one, or sometimes more than one, voyage between specified ports. Under this type of charter, the vessel owner pays all the operating and voyage costs of the vessel (including bunker fuel, canal and port charges, pilotage, towage and ship's agency) while payment for cargo handling charges are subject to agreement between the parties. Freight is generally paid per unit of cargo, such as a ton, based on an agreed quantity, or as a lump sum irrespective of the quantity loaded.

*Voyage expenses* . All expenses unique to a particular voyage, including any bunker fuel consumption, port expenses and canal tolls.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Dorian LPG Ltd.,  
Majuro, Republic of the Marshall Islands,

We have audited the accompanying balance sheet of Dorian LPG Ltd. (the “Company”) as of July 1, 2013 (inception). This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of Dorian LPG Ltd. as of July 1, 2013 (inception), in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Hadjipavlou, Sofianos & Cambanis S.A.  
Athens, Greece  
January 17, 2014

**Dorian LPG Ltd.**  
**Consolidated balance sheets**  
**As of December 31, 2013 (unaudited) and July 1, 2013 (inception) (audited)**  
**(Expressed in United States Dollars)**

	Notes	December 31, 2013	July 1, 2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		290,952,503	
Restricted cash	11	30,927,602	
Trade receivables, net and accrued revenue		3,904,852	
Prepaid expenses and other receivables		198,812	
Due from related parties	3	1,660,371	
Inventories	5	1,803,772	
<b>Total current assets</b>		<b>329,447,912</b>	—
<b>Fixed assets</b>			
Vessels, net	7	197,268,170	
Vessels under construction	8	210,173,602	
<b>Total fixed assets</b>		<b>407,441,772</b>	—
<b>Other non-current assets</b>			
Deferred charges, net	9	2,052,051	
Other assets	6	7,134,921	
Restricted cash	11	4,500,000	
<b>Total assets</b>		<b>750,576,656</b>	—
<b>Liabilities and Shareholders' equity</b>			
<b>Current liabilities</b>			
Trade accounts payable		3,586,695	
Accrued expenses	10	2,691,641	
Due to related parties	3	578,680	
Deferred income		554,111	
Current portion of long-term debt	11	9,612,000	
Derivative instruments	18	5,308,132	
<b>Total current liabilities</b>		<b>22,331,259</b>	—
<b>Long-term liabilities</b>			
Long-term debt - net of current portion	11	122,634,000	
Derivative instruments	18	9,277,264	
<b>Total long-term liabilities</b>		<b>131,911,264</b>	—
<b>Total liabilities</b>		<b>154,242,523</b>	—
<b>Shareholders' equity</b>			
Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued nor outstanding	12	—	
Common stock, \$.01 par value, 450,000,000 shares authorized, 213,579,149 and 100 shares issued and outstanding December 31, 2013 and July 1, 2013 respectively	12	2,135,791	1
Additional paid-in-capital	12	590,053,857	99
Retained earnings		4,144,485	
Due from shareholder		—	(100)
<b>Total shareholders' equity</b>		<b>596,334,133</b>	—
<b>Total liabilities and shareholders' equity</b>		<b>750,576,656</b>	—

The accompanying notes are an integral part of these consolidated financial statements.

**Dorian LPG Ltd.**  
**Unaudited Consolidated statement of operations**  
**For the period July 1, 2013 (inception) to December 31, 2013**  
**(Expressed in United States Dollars, Except for Share Data)**

	<u>Notes</u>	
<b>Revenues</b>	13	<b><u>19,763,273</u></b>
<b>Expenses</b>		
Voyage expenses	14	4,637,596
Vessel operating expenses	15	5,440,468
Management fees - related party	3	1,997,356
Depreciation and amortization	7, 9	4,157,476
General and administrative expenses		131,377
<b>Total expenses</b>		<b><u>16,364,273</u></b>
<b>Operating income</b>		<b>3,399,000</b>
<b>Other income/(expenses)</b>		
Interest and finance cost		(1,204,172)
Interest income		328,383
Loss on derivatives- net	18	(268,568)
Foreign currency gain, net		1,889,842
<b>Total other income, net</b>		<b><u>745,485</u></b>
<b>Net income</b>		<b>4,144,485</b>
<b>Earnings per common share, basic and diluted</b>	20	<b>0.03</b>
<b>Weighted average common shares outstanding, — basic and diluted</b>		<b>120,996,435</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Dorian LPG Ltd.**

**Unaudited Consolidated statement of shareholder's equity  
For the period July 1, 2013 (inception) to December 31, 2013  
(Expressed in United States Dollars, except for share data)**

	<u>Number of common shares</u>	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained Earnings</u>	<u>Due from shareholder</u>	<u>Total</u>
Issuance on inception	100	1	99	—	(100)	—
Cancellation - July 29, 2013	(100)	(1)	(99)	—	100	—
Issuance - July 29, 2013 (refer note 12)	93,221,621	932,216	229,058,796	—	—	229,991,012
Issuance — November 26, 2013 (refer note 12)	120,357,528	1,203,575	360,995,061	—	—	362,198,636
Net income for the period		—	—	4,144,485	—	4,144,485
<b>Balance, December 31, 2013</b>	<b><u>213,579,149</u></b>	<b><u>2,135,791</u></b>	<b><u>590,053,857</u></b>	<b><u>4,144,485</u></b>	<b><u>—</u></b>	<b><u>596,334,133</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**Dorian LPG Ltd.**  
**Unaudited Consolidated statement of cash flows**  
**For the period July 1, 2013 (inception) to December 31, 2013**  
**(Expressed in United States Dollars)**

<b>Cash flows from operating activities:</b>	
Net income	4,144,485
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
Depreciation and amortization	4,157,476
Amortization of financing costs	509,185
Unrealized gain on derivatives	(2,100,475)
Unrealized exchange differences on cash and cash equivalents	(11,021)
<b>Changes in operating assets and liabilities</b>	
Trade receivables	(3,904,852)
Prepaid expenses and other receivables	(198,812)
Due from related parties	(1,660,371)
Inventories	(348,667)
Trade accounts payable	3,036,298
Accrued expenses and deferred income	3,070,711
Due to related parties	124,337
Payments for drydocking costs	(343,484)
<b>Net cash from operating activities</b>	<b>6,474,810</b>
<b>Cash flows from investing activities:</b>	
Payments for vessels and vessels under construction	(66,547,491)
Net payments to acquire Predecessor Businesses	(13,732,896)
Increase in restricted cash	(35,427,602)
<b>Net cash used in investing activities</b>	<b>(115,707,989)</b>
<b>Cash flows from financing activities:</b>	
Repayment of long-term debt	(2,978,500)
Financing costs paid	(1,516,847)
Cash proceeds from common shares issuances	413,347,049
Payments relating to issuance costs	(8,677,041)
<b>Net cash from financing activities</b>	<b>400,174,661</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>11,021</b>
<b>Net increase in cash and cash equivalents</b>	<b>290,952,503</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>—</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>290,952,503</b>
<b>Supplemental disclosure of cash flow information</b>	
Cash paid during the period for interest	336,406
Non cash consideration of shares issued to acquire Predecessor businesses and acquisitions of assets	187,495,680

The accompanying notes are an integral part of these consolidated financial statements.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**1. Basis of Presentation and General Information**

Dorian LPG Ltd. (“DLPG” or the “Company”) was incorporated on July 1, 2013, under the laws of the Republic of the Marshall Islands, as a wholly owned subsidiary of Dorian Holdings LLC (“Dorian Holdings”). Dorian Holdings ceased to have control over Dorian LPG on July 29, 2013 as a consequence of the transactions described below. DLPG has a fiscal year end of March 31, and was formed to acquire, own and operate liquefied petroleum gas (“LPG”) tankers.

The Company remained dormant until July 29, 2013 when the following transactions were completed concurrently:

- DLPG completed a private placement of 46,550,271 shares of its common stock with institutional investors and other investors in Norway (“NPP”). The shares were issued at NOK 15.00 per share, equivalent to USD 2.53 per share and realized gross proceeds of \$117.9 million based on the exchange rate on July 29, 2013.
- DLPG acquired from Dorian Holdings the following in exchange for 23,335,675 shares of its common stock and \$9.7 million in cash:
  - (a) 100% interest in three ship owning entities, CNML LPG Transport LLC (“CNML”), CJNP LPG Transport LLC (“CJNP”) and CMNL LPG Transport LLC (“CMNL”), which each owned a Very Large Gas Carrier (“VLGC”) (the *Captain Nicholas ML*, the *Captain John NP* and the *Captain Markos NL* respectively), the related bank debt and interest rate swaps, the inventory on board each vessel. The *Captain Nicholas ML*, *Captain John NP* and *Captain Markos NL* were previously owned by Cepheus Transport Ltd, Lyra Gas Transport Ltd and Cetus Transport Ltd., all owned by principals of Dorian Holdings until July 29, 2013 on which date they were sold to CNML, CJNP and CMNL, respectively. The sale of the vessels required approval from the bank that had provided the related financing that was assumed by the Company in connection with the transaction and resulted in a modification of the financing terms in connection with the acquisition. A further description of the loan arrangements is provided in Note 11.
  - (b) 100% interest in two entities, each a party to a contract for the construction of one VLGC, option rights to construct an additional 1.5 VLGCs and \$2.67 million in cash.

DLPG acquired from an affiliate of Dorian Holdings a 100% interest in an LPG pressure tanker, the “LPG Grendon”, and the inventory onboard the vessel for \$6.672 million in cash.

The abovementioned acquisitions from Dorian Holdings and its affiliate were accounted as a business combination (refer Note 4) and the operations of LPG Grendon along with that of the three Very Large Gas Carriers referred to above are herein referred to as the Predecessor.

- DLPG issued 23,335,675 shares of its common stock to SEACOR Holdings Inc., through its subsidiary, SeaDor Holdings LLC (“SeaDor”) as consideration of the following:
  - (a) 100% interest in a subsidiary company, SEACOR LPGI LLC, a party to a contract for the construction of one VLGC
  - (b) \$49.9 million in cash and
  - (c) the assignment to DLPG of option rights to purchase 1.5 VLGC vessels.

The above mentioned acquisitions from SeaDor were accounted for as an asset acquisition. The allocation of the purchase price between the assets acquired is described on Note 3(b).

DLPG’s shares are listed on the Norwegian OTC A-List under the symbol DORIAN. At the closing of the NPP, Dorian Holdings surrendered the 100 shares of capital stock of DLPG, which were then cancelled.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**1. Basis of Presentation and General Information - Continued**

Following the completion of the above transactions on July 29, 2013, Dorian Holdings, whose chairman is Mr. John Hadjipateras, and SeaDor, each owned approximately 25.0% of the Company's outstanding common stock with the remaining 50% held by institutional investors and high net worth investors. No one party exercises control of the Company.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and present the balance sheet as of July 1, 2013 (inception) of Dorian LPG Ltd. and the interim unaudited financial statements comprising the balance sheet as of December 31, 2013 and the results of operations and cash flows for the period from July 1, 2013 to December 31, 2013 of Dorian LPG Ltd. and its wholly-owned subsidiaries (collectively the "Company") listed below. In the opinion of the management of the Company, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of financial position, operating results and cash flows have been included in the accompanying consolidated interim financial statements as of December 31, 2013 and for the period then ended.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**1. Basis of Presentation and General Information - Continued**

The Company's subsidiaries which are all wholly owned and all are incorporated in Republic of the Marshall Islands as of December 31, 2013 are listed below.

*Vessel Owning Subsidiaries*

<u>Subsidiary</u>	<u>Acquisition Date</u>	<u>Type of vessel(2)</u>	<u>Vessel's name</u>	<u>Built</u>	<u>CBM(1)</u>
CNML LPG Transport LLC (CNML)	July 29, 2013	VLGC	<i>Captain Nicholas ML</i>	2008	82,000
CJNP LPG Transport LLC (CJNP)	July 29, 2013	VLGC	<i>Captain John NP</i>	2007	82,000
CMNL LPG Transport LLC (CMNL)	July 29, 2013	VLGC	<i>Captain Markos NL</i>	2006	82,000
Grendon Tanker LLC	July 29, 2013	PGC	<i>LPG Grendon</i>	1996	5,000

*Newbuild Vessel Owning Subsidiaries*

<u>Subsidiary</u>	<u>Acquisition Date</u>	<u>Type of vessel(2)</u>	<u>Hull number</u>	<u>Estimated vessel delivery date</u>	<u>CBM(1)</u>
SeaCor LPG I LLC	July 29, 2013	VLGC	2656	July 2014	84,000
SeaCor LPG II LLC	July 29, 2013	VLGC	2657	August 2014	84,000
Corvette LPG Transport LLC	July 29, 2013	VLGC	2658	December 2014	84,000
Dorian Shanghai LPG Transport LLC	November 26, 2013	VLGC	S749	April 2015	84,000
Dorian Houston LPG Transport LLC	November 26, 2013	VLGC	S750	April 2015	84,000
Dorian Sao Paulo LPG Transport LLC	November 26, 2013	VLGC	S753	June 2015	84,000
Dorian Ulsan LPG Transport LLC	November 26, 2013	VLGC	S755	June 2015	84,000
Dorian Amsterdam LPG Transport LLC	November 26, 2013	VLGC	S751	July 2015	84,000
Dorian Dubai LPG Transport LLC	November 26, 2013	VLGC	2336	August 2015	84,000
Dorian Monaco LPG Transport LLC	November 26, 2013	VLGC	S756	October 2015	84,000
Dorian Geneva LPG Transport LLC	November 26, 2013	VLGC	2337	October 2015	84,000
Dorian Barcelona LPG Transport LLC	November 26, 2013	VLGC	S752	October 2015	84,000
Dorian Cape Town LPG Transport LLC	November 26, 2013	VLGC	S754	November 2015	84,000
Dorian Tokyo LPG Transport LLC	November 26, 2013	VLGC	2338	November 2015	84,000
Dorian Explorer LPG Transport LLC	November 26, 2013	VLGC	S757	December 2015	84,000
Dorian Exporter LPG Transport LLC	November 26, 2013	VLGC	S758	January 2016	84,000

(1) CBM: Cubic meters, a standard measure for LPG tanker capacity.

(2) Very Large Gas Carrier ("VLGC"), Pressurized Gas Carrier ("PGC")

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**1. Basis of Presentation and General Information - Continued**

*Dormant Subsidiaries*

<u>Subsidiary</u>	<u>Incorporation Date</u>
Dorian LPG Management Corp	July 2, 2013
Dorian LPG (USA) Ltd	July 2, 2013
Dorian LPG (UK) Ltd	November 18, 2013
Comet LPG Transport LLC	November 11, 2013
Corsair LPG Transport LLC	June 24, 2013

The Company is engaged in the transportation of liquefied petroleum gas worldwide through the ownership and operation of LPG tankers. The Company outsources the technical and commercial management of its vessels to Dorian (Hellas), S.A. (“Dorian Hellas”), a related party.

The following charterers individually accounted for more than 10% of the Company’s revenue for the period ended December 31, 2013:

<u>Charterer</u>	<u>% of revenue</u>
Statoil ASA	47
Naftomar Shipping and Trading Co. Ltd	17
Kuwait Petroleum Corporation	16

**Dorian LPG Ltd.**  
**Notes consolidated financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies**

- (a) **Principles of consolidation:** The consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany balances and transactions have been eliminated.
- (b) **Use of estimates:** The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (c) **Other comprehensive income/(loss):** The Company follows the accounting guidance relating to Comprehensive Income, which requires separate presentation of certain transactions that are recorded directly as components of stockholders' equity. The Company has no other comprehensive income/loss and accordingly, comprehensive income/loss equals net income/loss for the period presented thus has not presented this in the statement of operations or in a separate statement.
- (d) **Foreign currency translation:** The functional currency of the Company is the U.S. Dollar. Foreign currency transactions are measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. As of balance sheet date, monetary assets and liabilities that are denominated in a currency other than the functional currency are adjusted to reflect the exchange rate at the balance sheet date and any gains or losses are included in the statement of operations. As of the period presented, the Company had no foreign currency derivative instruments.
- (e) **Cash and cash equivalents:** The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.
- (f) **Restricted cash:** Restricted cash represents pledged cash deposits or minimum liquidity to be maintained with certain banks under the Company's borrowing arrangements. In the event that the obligation relating to such deposits is expected to be terminated within the next twelve months or relates to general minimum liquidity requirements with no obligation to retain such funds in retention accounts, these deposits are classified as current assets otherwise they are classified as non-current assets.
- (g) **Trade receivables (net):** Trade receivables (net), reflect receivables from vessel charters, net of an allowance for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. Provision for doubtful accounts for the period presented was \$0.
- (h) **Inventories:** Inventories consist of bunkers on board the vessels when vessels are unemployed or are operating under voyage charters and lubricants and stores on board the vessels. Inventories are stated at the lower of cost or market. Cost is determined by the first in, first out method.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies - Continued**

- (i) **Vessels:** Vessels are stated at cost, less accumulated depreciation. The costs of the vessels acquired as part of a business acquisition are recorded at their fair value on the date of acquisition. The cost of vessels purchased consists of the contract price, less discounts, plus any direct expenses incurred upon acquisition, including improvements, commission paid, delivery expenses and other expenditures to prepare the vessel for her initial voyage. The initial purchase of LPG coolant for the refrigeration of cargo is also capitalized. Interest costs incurred to finance the cost of vessels during their construction period are capitalized. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Repairs and maintenance are expensed as incurred.
- (j) **Impairment of long-lived assets:** The Company reviews their vessels “held and used” for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of future undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, the asset is evaluated for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset.
- (k) **Vessel depreciation:** Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage value. Each vessel’s salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Management estimates the useful life of its vessels to be 25 years from the date of initial delivery from the shipyard. Second hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life.
- (l) **Drydocking and special survey costs:** Drydocking and special survey costs are accounted under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. We are required to drydock each of our vessels every five years until it reaches 15 years of age, after which we are required to drydock the applicable vessel every two and one-half years. Costs deferred are limited to actual costs incurred at the yard and parts used in the drydocking or special survey. Costs deferred include expenditures incurred relating to shipyard costs, hull preparation and painting, inspection of hull structure and mechanical components, steelworks, machinery works, and electrical works. If a survey is performed prior to the scheduled date, the remaining unamortized balances are immediately written off. Unamortized balances of vessels that are sold are written-off and included in the calculation of the resulting gain or loss in the period of the vessel’s sale. The amortization charge is presented within “Depreciation and amortization” in the consolidated statement of operations.
- (m) **Financing costs:** Financing fees incurred for obtaining new loans and credit facilities are deferred and amortized to interest expense over the respective loan or credit facility using the effective interest rate method. Any unamortized balance of costs relating to loans repaid or refinanced is expensed in the period the repayment or refinancing is made, subject to the accounting guidance regarding Debt — Modifications and Extinguishments. Any unamortized balance of costs related to credit facilities repaid is expensed in the period. Any unamortized balance of costs relating to credit facilities refinanced are deferred and amortized over the term of the respective credit facility in the period the refinancing occurs, subject to the provisions of the accounting guidance relating to Debt — Modifications and Extinguishments. The unamortized financing costs are reflected in Deferred Charges in the accompanying consolidated balance sheet.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies - Continued**

- (n) **Revenues and expenses:** Revenue is recognized when an agreement exists, the vessel is made available to the charterer or services are provided, the charter hire is determinable and collection of the related revenue is reasonably assured.

**Time charter revenue:** Time charter revenues are recorded ratably over the term of the charter as service is provided. Time charter revenues received in advance of the provision of charter service are recorded as deferred income and recognized when the charter service is rendered. Deferred income or Accrued revenue also may result from straight-line revenue recognition in respect of charter agreements that provide for varying charter rates. Deferred income and Accrued revenue amounts that will be recognized within the next twelve months are presented as current, with amounts to be recognized thereafter presented as non-current. Revenues earned through the profit sharing arrangements in the time charters represent contingent rental revenues that are recognized when earned and amounts are reasonably assured based on estimates provided by the charterer.

**Voyage charter revenue:** Under a voyage charter, the revenues are recognized on a pro-rata basis over the duration of the voyage determined on a discharge- to discharge port basis but the Company does not begin recognizing revenue until a charter has been agreed to by the customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port for its next voyage. In the event a vessel is acquired or sold while a voyage is in progress, the revenue recognized is based on an allocation formula agreed between the buyer and the seller. Demurrage income represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter and is recognized when earned and collection is reasonably assured. Dispatch expense represents payments by the Company to the charterer when loading or discharging time is less than the stipulated time in the voyage charter and is recognized as incurred. Voyage charter revenue relating to voyages in progress as of the balance sheet date are accrued and presented in Trade receivables and Accrued revenue in the balance sheet.

**Commissions:** Charter hire commissions to brokers or the Manager, if any, are deferred and amortized over the related charter period and are included in Voyage expenses.

**Vessel operating expenses:** Vessel operating expenses are accounted for as incurred on the accrual basis. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, and other miscellaneous expenses.

- (o) **Repairs and maintenance:** All repair and maintenance expenses, including underwater inspection costs are expensed in the period incurred. Such costs are included in Vessel operating expenses.

- (p) **Segment reporting:** Each of the Company's vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment, the international transportation of liquid petroleum gas with its fleet of vessels. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies - Continued**

- (q) **Derivative Instruments:** The Company enters into interest rate swap agreements to manage its exposure to fluctuations of interest rate risk associated with its borrowings. All derivatives are recognized in the consolidated financial statements at their fair value, as either a derivative asset or a liability. The fair value of the interest rate derivatives is based on a discounted cash flow analysis. When such derivatives do not qualify for hedge accounting, the Company recognizes their fair value changes in current period earnings. When the derivatives do qualify for hedge accounting, depending upon the nature of the hedge, changes in fair value of the derivatives are either offset against the fair value of assets, liabilities or firm commitments through income, or recognized in other comprehensive income/ (loss) (effective portion) until the hedged item is recognized in the consolidated statements of income. For the periods presented, no derivatives were accounted for as accounting hedges.
- (r) **Fair value of financial instruments:** In accordance with the requirements of accounting guidance relating to Fair Value Measurements, the Company classifies and discloses its assets and liabilities carried at fair value in one of the following three categories:
- Level 1: Quoted market prices in active markets for identical assets or liabilities.  
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.  
Level 3: Unobservable inputs that are not corroborated by market data.
- (s) **Recent accounting pronouncements:** There are no recent accounting pronouncements the adoption of which would have a material effect on the Company's consolidated financial statements in the current period or expected to have an impact on future periods.

**3. Transactions with Related Parties**

- (a) **Dorian Holdings:** Dorian LPG Ltd. was formed by Dorian Holdings on July 1, 2013, to acquire and operate LPG tankers and initially to acquire the LPG tankers held by affiliates of Dorian Holdings. The acquisitions of the vessels from affiliates of Dorian Holdings were treated as a business acquisition, refer notes 1 and 4. In addition on July 29, 2013, we entered into a license agreement with Dorian Holdings pursuant to which Dorian Holdings has granted us a non-transferable, non-exclusive, perpetual (subject to termination for material breach or a change of control event), world-wide, royalty-free right and license to use the Dorian logo and "Dorian LPG" in connection with our LPG business.
- (b) **SEACOR Holdings Inc. ("SEACOR"):** On April 29, 2013, affiliates of the Company entered into a series of agreements with subsidiaries of SEACOR under which the affiliates of the Company granted certain rights to SEACOR to purchase newbuilding contracts for VLGCs and associated options. The affiliates of the Company had the right to repurchase a portion of those contracts and the associated options. As part of these agreements, subsidiaries of SEACOR paid the first installment under the newbuilding contracts to the shipyard, which, under the terms of the agreements, could be partially acquired by Dorian affiliates for the amount of the installments paid, certain agreed third party expenses, and a capital charge of 6% per annum.

As described in Note 1, the Company acquired a 100% interest in SEACOR LPG I LLC, a party to a contract for the construction of one VLGC, \$49.9 million in cash and the assignment to the Company of option rights to purchase 1.5 VLGC vessels, from SEACOR in exchange for 23,335,675 shares of its common stock. This transaction was accounted for as an asset acquisition.

The fair value of the transaction was determined based on the number of shares issued by the Company. The fair value of the common stock was determined to be NOK15 per share (or \$2.53 per share at the exchange rate on July 29, 2013) which was the price per share for the Company's common shares issued to private investors on the same date.

The total transaction value of \$59.4 million (including transaction costs) was allocated to the assets purchased as follows:

Cash	49,854,870
Purchase contract for one VLGC newbuilding contract (includes advance payment)	7,009,675
Purchase option contracts	2,529,126
	59,393,671

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**3. Transactions with Related Parties - Continued**

The allocation between the newbuilding contract and the purchase options was based on their relative fair value. The fair value of the newbuilding contract and purchase options was computed as the excess of the purchase consideration for similar vessels with similar delivery dates based on valuation from an independent broker over the purchase consideration of the contracts acquired plus for newbuilding contracts any advance to the shipyard as of the acquisition date. The appraised value was determined using recent transactions involving comparable vessels as adjusted for age and features. The appraisal was performed on “willing Seller and willing Buyer” basis and based on the sale and purchase market condition prevailing at the acquisition date subject to the vessel being in sound condition and made available for delivery charter free.

- (c) **Scorpio Tankers Inc (“Scorpio”)**: On November 26, 2013, the Company issued 39,952,123 shares of its common stock to Scorpio as consideration for 100% interest in thirteen subsidiary companies, (each a party to a contract for the construction of one VLGC) and \$1.9 million in cash. This transaction was accounted for as an asset acquisition.

The fair value of the transaction was determined based on the number of shares issued by the Company. The fair value of the common stock was determined to be NOK18.5 per share (or \$3.03 per share at the exchange rate on November 26, 2013), which was the price per share for the Company’s common shares issued to private investors on the same date.

The total transaction value of \$121.3 million (including transaction costs) was allocated to the assets purchased as follows:

Cash	1,930,000
Purchase contract for sixteen VLGC newbuilding contract (includes advance payments)	119,386,040
	<u>121,316,040</u>

The cost of the group of non-cash assets was allocated to each of the new building contracts based on their relative fair value. The fair value of each newbuilding contract was determined as the excess of the purchase consideration as of the acquisition date for similar vessels with similar delivery dates based on valuation from an independent broker over the purchase consideration of the contracts acquired plus any advance paid to the shipyard. The appraised value was determined using recent transactions involving comparable vessels as adjusted for age and features. The appraisal was performed on “willing Seller and willing Buyer” basis and based on the sale and purchase market condition prevailing at the acquisition date subject to the vessel being in sound condition and made available for delivery charter free.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**3. Transactions with Related Parties - Continued**

*(d) Dorian (Hellas) S.A.:*

**A. Ship-Owning Companies Management Agreements:** Pursuant to management agreements entered into by each vessel owning subsidiary on July 26, 2013, as amended, with Dorian (Hellas) S.A. (the “Manager”), the technical, crew and commercial management as well as insurance and accounting services of its vessels was outsourced to the Manager. In addition, under these management agreements, strategic and financial services have also been outsourced to the Manager. The Manager has entered into agreements with each of Eagle Ocean Transport Inc. (“Eagle Ocean Transport”) and Highbury Shipping Services Limited (“HSSL”), to provide certain of these services on behalf of the vessel owning companies. Our chairman, who is also the chairman of Dorian Holdings, owns 100% of Eagle Ocean Transport, and our Vice President of Chartering, Insurance and Legal, Nigel Grey-Turner, owns 100% of HSSL. The fees payable for the above services to our Manager amount to \$93,750 per month per vessel, which is payable one month in advance. These management agreements initially terminate on April 25, 2014, and thereafter shall continue until terminated by either party giving two months’ written advance notice of termination.

Management fees related to these agreements for the period July 1 to December 31, 2013 amounted to \$1,903,889 and represent the management fees payable for the period the vessels were acquired to December 31, 2013 and are presented in Management fees- related party in the consolidated statement of operations.

**B. Pre-Delivery Services:** A fixed monthly fee of \$15,000 per hull is payable to the Manager for pre-delivery services provided during the period from July 29, 2013 until the date of delivery of each newbuilding. Management fees related to the pre-delivery services for the period July 1, 2013 to December 31, 2013 amounted to \$455,967 of which \$93,467 is presented in management fees-related party in the consolidated statement of operations and \$362,500 was capitalized and presented in vessels under construction in the consolidated balance sheet.

*(e) Eagle Ocean Transport Inc.:* As part of the series of agreements with SEACOR, Eagle Ocean Transport, a company 100% owned by Mr. John Hadjipateras, is entitled to retain 100% of any portion of the shipbroker fee rebated to it as compensation for its services in securing the newbuilding contracts. To the extent that any fees are received in respect of Option Vessels, such fees shall be shared evenly between SEACOR and Eagle Ocean Transport. For the period from July 1, 2013 to December 31, 2013 Eagle Ocean Transport received \$282,293 of shipbroker rebates for its services in securing the newbuilding contracts. In addition, Eagle Ocean Transport was reimbursed for an amount of \$218,769, of a total of \$242,739 representing costs incurred on behalf of the Company relating to equity issuances and debt restructuring for the period July 1, 2013 to December 31, 2013.

The amounts due to/from related parties represent amounts due to/from the Manager relating to payments made by the Manager on behalf of the Company relating to the vessels operations, fees due to the Manager for services rendered, net of amounts transferred to the Manager.

**4. Acquisition of Business**

On July 29, 2013, Dorian Holdings sold to Dorian LPG in exchange for equity and \$9.7 million in cash its 100% interest in CMNL, CJNL, CNML owners of the *Captain Markos NL*, *Captain John NL* and the *Captain Nicholas ML*, respectively and acquired the related inventory on board, and assumed the associated bank debt, and interest rate swap and 100% interest in two entities, each a party to a contract for the construction of one VLGC, and option rights to construct an additional 1.5 VLGCs and \$2.65 million in cash. The \$9.7 million cash related to the payment for inventories and LPG coolant on board of \$2.3 million and to reimburse for an advance for vessels under construction of \$7.4 million

In addition on July 29, 2013 Dorian LPG acquired 100% interest of Grendon Tanker LLC, the owner of the LPG Grendon, from an affiliate of Dorian Holdings for a cash consideration of \$6,625,000 plus the value of inventory on board the vessel.

These acquisitions have been treated as business acquisitions and were initially recorded at fair value.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**4. Acquisition of Business - Continued**

The following table summarizes the preliminary fair value of the consideration paid and assets/liabilities acquired.

**Fair value of total consideration**

	<u>Acquisition from Dorian Holdings</u>	<u>Grendon acquisition</u>	<u>Total</u>
Cash	9,732,911	6,672,485	16,405,396
Equity instruments (23,335,675 common shares of the Company at NOK 15 per share)	59,092,499	—	59,092,499
<b>Total consideration</b>	<b><u>68,825,410</u></b>	<b><u>6,672,485</u></b>	<b><u>75,497,895</u></b>

**Fair value of identifiable assets and liabilities acquired:**

Cash	2,672,500	—	2,672,500
Vessels	194,457,529	6,625,000	201,082,529
Inventories on board the vessels	1,407,622	47,485	1,455,107
Newbuilding vessels contracted for construction	17,593,130	—	17,593,130
Other assets- Vessel purchase options	4,605,000	—	4,605,000
Long term bank debt	(135,224,500)	—	(135,224,500)
Interest rate swaps	(16,685,871)	—	(16,685,871)
<b>Net assets acquired- fair value</b>	<b><u>68,825,410</u></b>	<b><u>6,672,485</u></b>	<b><u>75,497,895</u></b>

The fair value of the common stock was determined to be NOK15 per share (or \$2.53 per share at the exchange rate on July 29, 2013) being the price the Company issued its common shares to private investors under its private placement which closed on the same date.

The vessels were acquired with attached charters. The attached charters for each vessel were evaluated by the Company based on market charter rates on the acquisition date and were found to be at market values, and thus none of the purchase consideration was allocated to the attached time charters or voyage charter.

The fair value of the vessels, excluding LPG coolant, on the date of acquisition were determined by the Company based on valuations from an independent broker. The appraised value was determined using recent transactions involving comparable vessels as adjusted for age and features. The appraisal was performed on “willing Seller and willing Buyer” basis and based on the sale and purchase market condition prevailing at the acquisition date subject to the vessel being in sound condition and made available for delivery charter free. The fair value of the LPG coolant at the date of acquisition was determined by the quantity purchased valued at the then current LPG rate. The fair value of the newbuilding contracts and vessel purchase options was computed as the excess of the purchase consideration for similar vessels with similar delivery dates based on valuation from an independent broker over the purchase consideration of the contracts acquired plus in respect of the newbuilding contracts any advance paid to the shipyard as of the acquisition date. The fair value of the interest rate swaps was determined using a discounted cash flow approach based on market-based LIBOR swap yield rates. The fair value of the bank debt and cash was determined to be its face value.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**4. Acquisition of Business - Continued**

In addition, on July 29, 2013 Dorian Holdings granted the Company a royalty-free, non-exclusive right and license to use the newly created Dorian logo and “Dorian LPG”. The Company evaluated the license agreement and did not assign any value to the use of this logo and name based on the fact that these were a brand new logo, created shortly prior to the NPP and never used in the market place, and for which the Company does not have exclusive use.

The revenue and net income relating to the Predecessor operations acquired since their acquisition date are included in the consolidated statement of operations for the period ended December 31, 2013 and amount to \$19,763,273 and \$4,144,485, respectively.

Pro forma Information (unaudited)

The following table summarizes total net revenues and net income of the Company, had the acquisition of the Predecessor operations occurred on April 1, 2012:

<u>\$ in 000's</u>	<u>For the period April 1, 2013 to December 31, 2013</u>	<u>For the year ended March 31, 2013</u>
Net revenues	\$ 35,146	\$ 38,662
Net income/ (loss)	\$ 7,923	\$ (6,639)

The combined results in the table above have been prepared for comparative purposes only and include acquisition related adjustments for depreciation, interest charges and management fees. The combined results do not purport to be indicative of the results of operations which would have resulted had the acquisition been effected at the beginning of the applicable period noted above, or the future results of operations of the combined entity.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**5. Inventories**

The Company's inventories by type were as follows:

	<u>December 31,</u> <u>2013</u>
Bunkers	1,371,309
Lubricants	339,851
Victualing	68,225
Bonded stores	14,876
Communication cards	9,511
<b>Total</b>	<b><u>1,803,772</u></b>

**6. Other Assets**

Other assets represent three option agreements for the purchase of three VLGC vessels and expire on February 28, 2014 and other minor costs. On July 29, 2013 the Company acquired 1.5 options from Dorian Holdings in the business combination (refer Note 4) and 1.5 options from SeaDor Holdings LLC (refer Note 3(b)). As of December 31, 2013, there were no impairment indicators that the options may be impaired and no impairment was recognized. The three option agreements were exercised as of February 21, 2014 (refer Note 21) on which date the carrying value of the options have been reclassified to Vessels Under Construction as they form part of the cost of the vessels under construction being a cost directly attributable to the cost of the vessels.

**7. Vessels, Net**

	<u>Vessel</u> <u>cost</u>	<u>Accumulated</u> <u>depreciation</u>	<u>Net book</u> <u>Value</u>
Balance, July 1, 2013	—	—	—
Vessel acquisitions through business combinations (Refer note 4)	201,082,529	—	201,082,529
Other	307,606	—	307,606
Depreciation	—	(4,121,965)	(4,121,965)
<b>Balance, December 31, 2013</b>	<b><u>201,390,135</u></b>	<b><u>(4,121,965)</u></b>	<b><u>197,268,170</u></b>

The Company's VLGC vessels with a carrying value of \$190.9 million as of December 31, 2013 are first-priority mortgaged as collateral to secure the bank loan discussed in Note 11. No impairment loss was recorded for the period presented.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**8. Vessels Under Construction**

Vessels under construction is comprised of the following as of December 31, 2013:

Acquisition of two newbuilding contracts from Dorian Holdings on July 29, 2013 (refer Note 4)	17,593,130
Acquisition of one newbuilding contract from SeaDor on July 29,2013 (refer Note 3b)	7,009,675
Acquisition of thirteen newbuilding contracts from Scorpio November 26, 2013 (refer Note 3c)	119,386,040
Installment payments to shipyards	65,072,055
Other capitalized expenditures	707,808
Capitalized interest	404,894
<b>Vessels under construction</b>	<b>210,173,602</b>

The installment payments to the shipyards totaling \$65.1 million represent payments made to the shipyards subsequent to the acquisition of the newbuilding contracts. Other capitalized expenditures represent fees paid to our Manager of \$362,500 and to third party vendors of \$345,308 for supervision fees and other newbuilding pre-delivery costs including engineering and technical support, liaising with the shipyard, and ensuring key suppliers are integrated into the production planning process.

**9. Deferred Charges, Net**

Deferred charges of \$2,052,051 as of December 31, 2013, represent deferred offering costs of \$479,506 related to the Company's planned initial public offering, deferred financing costs of \$1,007,662 and deferred drydocking costs of \$564,883.

The movement of deferred financing costs and drydocking costs is presented in the table below:

	<u>Financing costs</u>	<u>Drydocking costs</u>
<b>On inception , July 1, 2013</b>	—	—
Additions	1,516,847	600,394
Amortization	(509,185)	(35,511)
<b>Balance, December 31, 2013</b>	<b><u>1,007,662</u></b>	<b><u>564,883</u></b>

The drydocking costs incurred during the period ended December 31, 2013 relate to the drydocking for *Captain Nicholas ML* which was drydocked during the period under review.

**10. Accrued Expenses**

Accrued expenses comprised of the following:

	<u>December 31, 2013</u>
Accrued loan and swap interest	2,331,574
Accrued voyage and vessel operating expenses	171,705
Other	188,362
<b>Total</b>	<b><u>2,691,641</u></b>

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**11. Long-Term Debt**

The table below presents the loan outstanding as of December 31, 2013:

<b>Secured bank debt</b>	
Royal Bank of Scotland plc. (RBS)	
Tranche A	45,900,000
Tranche B	33,241,000
Tranche C	53,105,000
<b>Total</b>	<b>132,246,000</b>

**Presented as follows:**

Current portion of long-term debt	9,612,000
Long-term debt — net of current portion	122,634,000
<b>Total</b>	<b>132,246,000</b>

The minimum annual principal payments, in accordance with the loan agreements, required to be made after December 31, 2013 are as follows:

<b>Year ending December 31,:</b>	
2014	9,612,000
2015	9,612,000
2016	9,612,000
2017	9,612,000
2018	30,068,000
Thereafter	63,730,000
<b>Total</b>	<b>132,246,000</b>

As discussed in Note 1, the Company assumed the debt obligations associated with the financing of the vessels that were acquired through the acquisition of CMNL, CJNP and CNML. The prior loan arrangements associated with those vessels required approval from the lenders to sell the vessels and agreement from the lenders to transfer the borrowings to another party. As a consequence, the Company and the lender negotiated new borrowing terms in connection with this transaction. The new terms are described below. The total borrowings outstanding immediately prior to the debt modification and immediately after remained the same.

CMNL, CJNP, CNML and Corsair as joint and several borrowers (Borrowers), and Dorian LPG, Ltd as parent guarantor entered into a loan facility of \$135,224,500, which replaced the prior borrowing arrangements of the Predecessor. The loan facility is divided into three tranches. Tranche A of \$47.6 million, Tranche B of \$34.5 million and Tranche C of up to \$53.1 million and is associated with each of the *Captain John NP*, *Captain Markos NL* and the *Captain Nicholas ML*, respectively.

**Dorian LPG Ltd.**  
**Notes consolidated financial statements**  
**(Expressed in United States Dollars)**

**11. Long-Term Debt - Continued**

Tranche A is payable in twelve equal semi-annual installments each in the amount of \$1,700,000 commencing on September 24, 2013 plus a balloon of \$27,200,000 payable concurrently with the last installment on March 24, 2019.

Tranche B is payable in eleven equal semi-annual installments each in the amount of \$1,278,500 commencing on November 17, 2013 plus a balloon of \$20,456,000 payable concurrently with the last installment on November 17, 2018.

Tranche C is payable in fourteen equal semi-annual installments each in the amount of \$1,827,500 commencing on January 21, 2014 plus a balloon of \$27,520,000 payable concurrently with the last installment July 21, 2020.

The loan facility bears interest at LIBOR plus a margin of 1.5% per annum until the delivery of the vessel under construction contracted by Corsair (the "Corsair Vessel") but no later than September 30, 2014 upon which date the margin will be 2.0%. The margin will be increased to 2.5% one year from the delivery of the Corsair Vessel until maturity

The loan facility is secured by first priority mortgages on the vessels financed and first assignments of all freights, earnings and insurances. In addition the Borrowers are obliged to maintain \$66,538,170 in a restricted cash account (the Newbuilding Cash Collateral) which is reduced on the date of the second, third and fourth pre-delivery shipyard installments for the vessel owned by Corsair ( Corsair Vessel) to \$59,145,040, \$51,751,910 and \$44,358,780, respectively and on delivery of the Corsair Vessel is reduced in full. The Corsair Vessel will be mortgaged as security upon delivery. The restricted cash account can be reduced with the approval of the Bank, if payments to the shipyard are accelerated in consideration of a reduction in the contract price, provided that it will not fall below \$29,572,520 prior to delivery date. During October 2013, the Company made an accelerated payment of \$28,418,740 to the shipyard in consideration of a reduction in the contract price.

The loan facility also requires the Borrowers to maintain a minimum market adjusted security cover ratio equal to at least 125% of the aggregate of the outstanding loan balance and 50% of the related swap exposure up to September 2014 or 100% thereafter. In the event of non-compliance the Borrowers will be required within one month of being notified in writing by the lender to make such prepayment. In the event the lender agrees to release Corsair or another borrower approved by the lender from joint and several liabilities under the agreement, the minimum market adjusted security cover is adjusted to 175% and the margin will be increased to 2.75%.

The loan facility also contains customary covenants that require the Company to maintain adequate insurance coverage and to obtain the lender's prior consent before changes are made to the flag, class or management of the vessels, or enter into a new line of business. The loan facility also requires that Dorian Holdings maintain a minimum ownership percentage. The loan facility includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation and warranty, a cross-default to other indebtedness and non-compliance with security documents, and prohibit the Borrowers from paying dividends. However, the loan facility permits the Borrowers to make expenditures to fund the administration and operation of Dorian LPG.

**Debt Covenants:** The secured loan agreement contains the following financial covenants which the Company is required to comply with, calculated on a consolidated basis, determined and defined according to the provisions of the loan agreement:

- The ratio of cash flow from operations before interest expense to cash debt service costs (Debt Service Coverage Ratio) shall not be less than 0.75:1 through December 31, 2013, 0.8:1 through December 31, 2014; and 1:1 at all times thereafter.
- The Minimum Shareholders' Funds as adjusted for any reduction in the vessel fair market value shall not be less than \$85 million;
- The ratio of Total Debt to Shareholders Funds shall not exceed 150% at all times;
- Minimum cash of \$10 million at the end of each quarter and \$1.5 million per mortgaged vessel at all times.

The Company was in compliance with the restrictive covenants as of December 31, 2013.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**12. Capital Structure**

Under the articles of incorporation effective July 1, 2013, the Company’s authorized capital stock consists of 500,000,000 registered shares, par value \$.01 per share, of which 450,00,000 are designated as common share and 50,000,000 shares are designated as preferred shares.

On July 29, 2013, the Company issued the following shares:

- 46,550,271 common shares on completion of its NPP, at NOK15.00 per share, equivalent to USD2.53 per share based on the exchange rate on July 29, 2013.
- 23,335,675 common shares to Dorian Holdings (refer Note 4)
- 23,335,675 common shares to SeaDor Holdings LLC (refer Note 3)

The fair value of the shares issued to Dorian and SeaDor was determined by the Company to be NOK15.00 (or USD2.53) per share based on the issue price of the NPP.

On November 26, 2013, the Company issued the following shares:

- 80,405,405 common shares on completion of a second Private Placement in Norway (“NPP2”), at NOK18.50 per share, equivalent to USD3.03 per share based on the exchange rate on November 26, 2013.
- 39,952,123 common shares to Scorpio Tankers Inc. (refer Note 3)

Each holder of common shares is entitled to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common shares are entitled to share equally in any dividends, that the Company’s board of directors may declare from time to time, out of funds legally available for dividends. Upon dissolution, liquidation or winding-up, the holders of common shares will be entitled to share equally in all assets remaining after the payment of any liabilities and the liquidation preferences on any outstanding preferred stock. Holders of common shares do not have conversion, redemption or pre-emptive rights. Following the above mentioned private placements and share issuances and as of December 31, 2013, the Company’s eight board seats and common shares were held by Dorian Holdings (three board seats and 13.2% ownership), SeaDor Holdings (three board seats and 21.8% ownership), Scorpio Tankers Inc. (one board seat and 30% ownership), and affiliates of Kensico Capital Management (one board seat and 10.8% ownership). These parties retain the ability to exercise significant influence over our operations.

**13. Revenues**

Revenues comprise the following for the period July 1, 2013 to December 31, 2013:

Time charter revenue	10,773,897
Voyage charter revenue	8,560,959
Other revenue	428,417
<b>Total</b>	<b><u>19,763,273</u></b>

Included in time charter revenue is \$3,839,455, representing the profit-sharing element of the time charter agreements. Other revenue represents demurrage income and income from charterers relating to reimbursement of expenses such as costs for security guards and war risk insurance.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**14. Voyage Expenses**

Voyage expenses are comprised as follows for the period July 1, 2013 to December 31, 2013:

Bunkers	3,693,654
Port charges and other related expenses	450,698
Brokers' commissions	257,481
Security cost	166,419
War risk insurances	21,146
Other voyage expenses	48,198
<b>Total voyage expenses</b>	<b>4,637,596</b>

**15. Vessel Operating Expenses**

Vessel operating expenses are comprised as follows for the period July 1, 2013 to December 31, 2013:

Crew wages and related costs	3,335,473
Spares and stores	967,672
Lubricants	366,275
Insurance	384,023
Repairs and maintenance costs	324,449
Miscellaneous expenses	62,576
<b>Total</b>	<b>5,440,468</b>

**16. Income Taxes**

The Company and its subsidiaries are incorporated in the Marshall Islands and under the laws of the Marshall Islands, are not subject to tax on income or capital gains and no Marshall Islands withholding tax will be imposed on dividends paid by the Company to its shareholders. The Company is also subject to United States federal income taxation in respect of income that is derived from the international operation of ships and the performance of services directly related thereto attributable to the transport of cargo to or from the United States ("Shipping Income"), unless exempt from United States federal income taxation.

If the Company does not qualify for the exemption from tax under Section 883, of the Internal Revenue Code of 1986, as amended, the Company and its subsidiaries will be subject to a 4% tax on its "U.S. source shipping income," imposed without the allowance for any deductions. For these purposes, "U.S. source shipping income" means 50% of the Shipping Income derived by the Company and its subsidiaries that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States.

For its first fiscal year ending March 31, 2014, the Company does not expect it will qualify for exemption under section 883, however for the period July 1, 2013 to December 31, 2013 the Company and its subsidiaries have not made any U.S. port calls.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**17. Commitments and Contingencies**

**Commitments under Newbuilding Contracts**

As of December 31, 2013, the Company had commitments under shipbuilding contracts for the acquisition of sixteen newbuildings. The Company expects to settle these commitments as follows:

<b>Period ending December 31,:</b>	
2014	365,005,040
2015	626,300,000
2016	52,500,000
<b>Total</b>	<b>1,043,805,040</b>

**Other**

From time to time the Company expects to be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. Such claims, even if lacking in merit, could result in the expenditure of significant financial and managerial resources. The Company is not aware of any claim, which is reasonably possible and should be disclosed or probable and for which a provision should be established in the accompanying financial statements.

**18. Derivative Instruments**

The Company uses interest rate swaps for the management of interest rate risk exposure. The interest rate swaps effectively convert the Company's debt from a floating to a fixed rate. To hedge its exposure to changes in interest rates the Company is a party to five floating-to-fixed interest rate swaps with RBS. The Company became a party to these transactions as part of the business combination with Dorian Holdings LLC whereby RBS novated the interest rate swap agreements such that the exact terms of the original agreement with the Predecessor's were transferred to the corresponding entities that retain the interests in each of the vessels which are the main collateral. The principal terms of the interest rate swaps are as follows:

<b>Subsidiary</b>	<b>Termination Date</b>	<b>Fixed interest rate</b>	<b>Nominal value December 31, 2013</b>
CMNL (1)	Nov 2018	5.395%	20,456,000
CMNL(1)	Nov 2018	4.936%	12,785,000
CJNP (2)	March 2019	4.772%	34,338,938
CJNP (2)	March 2019	2.960%	11,561,062
CNML(3)	July 2014	4.350%	51,600,000
			<b>130,741,000</b>

(1) reduces semi-annually by \$1,700,000 with a final settlement of \$28,900,000 due in November 2018.

(2) reduces semi-annually by \$1,700,000 with a final settlement of \$28,900,000 due in March 2019.

(3) RBS holds the right to extend the interest rate swap until the July 21 2020 and based on the extension reduces semi-annually by \$1,720,000 with a final settlement of \$29,240,000 due in July, 2020.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**18. Derivative Instruments - Continued**

Tabular disclosure of financial derivatives is as follows:

Derivatives not designated as hedging instruments	Balance sheet Location	December 31, 2013	
		Asset derivatives	Liability derivatives
Interest rate swap	Current liabilities - Derivatives	—	5,308,132
Agreements	Non-current liabilities — Derivatives	—	9,277,264
<b>Total derivatives not designated as hedging instruments</b>		—	<b>14,585,396</b>

The effect of derivative instruments on the consolidated statements of operations for the period July 1, 2013 to December 31, 2013 is as follows:

Derivatives not designated as hedging instruments	Location of gain/(loss) recognized	July 1, 2013 to December 31, 2013
Interest Rate Swap - Change in fair value	Loss on derivatives-net	2,100,475
Interest Rate Swap — Realized loss	Loss on derivatives-net	(2,369,043)
<b>Loss on derivatives-net</b>		<b>(268,568)</b>

**19. Financial Instruments**

The principal financial assets of the Company consist of cash and cash equivalents, amounts due from related parties and trade accounts receivable. The principal financial liabilities of the Company consist of long-term bank loan, interest rate swaps, accounts payable, amounts due to related parties and accrued liabilities.

(a) **Interest rate risk:** The Company's long-term bank loan is based on LIBOR and hence the Company is exposed to movements in LIBOR. The Company entered into interest rate swap agreements, discussed in Note 18, in order to hedge its variable interest rate exposure.

(b) **Fair value:** The carrying values of trade accounts receivable, amounts due from related parties, cash and cash equivalents, accounts payable, amounts due to related parties and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loan approximates the recorded value, due to their variable interest rate, being the LIBOR. LIBOR rates are observable at commonly quoted intervals for the full terms of the loan and hence long-term bank loan is considered Level 2 item in accordance with the fair value hierarchy.

**Dorian LPG Ltd.**  
**Notes to consolidated financial statements**  
**(Expressed in United States Dollars)**

**19. Financial Instruments - Continued**

*(b) Fair value - Continued*

The interest rate swaps, discussed in Note 18, are stated at fair value. The fair value of the interest rate swaps is determined using a discounted cash flow approach based on market-based LIBOR swap yield rates. LIBOR swap rates are observable at commonly quoted intervals for the full terms of the swaps and therefore are considered Level 2 items in accordance with the fair value hierarchy. The fair value of the interest rate swap agreements approximates the amount that the Company would have to pay for the early termination of the agreements.

As of December 31, 2013, no fair value measurements for assets or liabilities under Level 1 or Level 3 were recognized in the Company's consolidated balance sheets. The Company did not have any other assets or liabilities measured at fair value on a nonrecurring basis during the period July 1, 2013 to December 31, 2013.

**20. Earnings Per Share**

Basic earnings per share ("EPS") was calculated by dividing the net income for the period attributable to the owners of the common shares by 120,996,435 shares being the weighted average number of common shares issued and outstanding during the period. Diluted earnings per share is the same as basic earnings per share as there are no other potentially dilutive shares.

**21. Subsequent Events**

On February 12, 2014, the Company completed a private placement of 28,246,000 shares to Norwegian and international institutional investors at a price of NOK 22.00, or USD \$3.58 based upon the exchange rate on February 12, 2014, which represents approximately \$100.0 million in gross proceeds not including closing fees. Subsequent to this offering the Company has 241,825,149 common shares issued and outstanding.

On February 21, 2014, pursuant to an option agreement with Hyundai Heavy Industries Co. Ltd., three newbuilding contracts were executed with a total contract price of \$216.7 million.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of the Predecessor Businesses of Dorian LPG Ltd:

We have audited the accompanying combined balance sheets of the Predecessor Businesses of Dorian LPG Ltd. as of March 31, 2013 and 2012, and the related combined statements of operations, owners' equity, and cash flows for each of the two years in the period ended March 31, 2013. The combined financial statements include the accounts of the companies as defined in Note 1 to the Company's accompanying financial statements (hereinafter collectively referred to as the "Company"). These companies are under common management. These combined financial statements are the responsibility of the companies' management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The companies are not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the companies' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of the Predecessor Businesses of Dorian LPG Ltd. as of March 31, 2013 and 2012, and the combined results of their operations and their combined cash flows for each of the two years in the period ended March 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Hadjipavlou, Sofianos & Cambanis S.A.  
Athens, Greece  
January 17, 2014

**Predecessor Businesses of Dorian LPG Ltd. Combined balance sheets**  
**As of March 31, 2013 and 2012 (Audited)**  
**(Expressed in United States Dollars)**

	<u>Note</u>	<u>March 31, 2013</u> <u>(Audited)</u>	<u>March 31, 2012</u> <u>(Audited)</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents		1,041,644	2,040,290
Trade receivables, net		1,036,187	300,925
Prepaid expenses and other receivables		64,576	199,615
Due from related parties	3	2,198,820	—
Inventories	4	1,708,241	1,048,173
Accrued revenue		108,551	360,666
<b>Total current assets</b>		<b><u>6,158,019</u></b>	<b><u>3,949,669</u></b>
<b>Fixed assets</b>			
Vessels, net	5	187,077,722	198,279,672
<b>Total fixed assets</b>		<b><u>187,077,722</u></b>	<b><u>198,279,672</u></b>
<b>Other non-current assets</b>			
Deferred charges, net	6	1,211,863	1,613,120
Accrued revenue		—	100,812
<b>Total assets</b>		<b><u>194,447,604</u></b>	<b><u>203,943,273</u></b>
<b>Liabilities and equity current liabilities</b>			
Trade accounts payable		3,314,624	3,560,451
Accrued expenses	7	1,418,585	1,803,212
Due to related parties	3	14,115,179	9,359,241
Deferred income		641,048	640,685
Current portion of long-term debt	8	12,112,000	10,612,000
<b>Total current liabilities</b>		<b><u>31,601,436</u></b>	<b><u>25,975,589</u></b>
<b>Long-term liabilities</b>			
Long-term debt - net of current portion	8	128,718,500	139,003,000
Derivative instruments	15	21,369,878	21,356,197
<b>Total long-term liabilities</b>		<b><u>150,088,378</u></b>	<b><u>160,359,197</u></b>
<b>Total liabilities</b>		<b><u>181,689,814</u></b>	<b><u>186,334,786</u></b>
<b>Owners' equity</b>			
Owners' capital	9	73,880,910	73,880,910
Accumulated deficit		(61,123,120)	(56,272,423)
<b>Total owners' equity</b>		<b><u>12,757,790</u></b>	<b><u>17,608,487</u></b>
<b>Total liabilities and equity</b>		<b><u>194,447,604</u></b>	<b><u>203,943,273</u></b>

The accompanying notes are an integral part of these combined financial statements.

**Predecessor Businesses of Dorian LPG Ltd.****Combined statements of operations****For the period April 1, 2013 to July 28, 2013 (Unaudited),****For the period April 1, 2012 to December 31, 2012 (Unaudited) and****For the years ended March 31, 2013 and 2012 (Audited)****(Expressed in United States Dollars)**

	Note	April 1, 2013 to July 28, 2013 (Unaudited)	April 1, 2012 to December 31, 2012 (Unaudited)	Year ended March 31,	
				2013 (Audited)	2012 (Audited)
<b>Revenues</b>	<b>10</b>	<b>15,383,116</b>	<b>31,441,072</b>	<b>38,661,846</b>	<b>34,571,042</b>
<b>Expenses</b>					
Voyage expenses	11	3,623,872	6,879,105	8,751,257	2,075,698
Voyage expenses — related party	3	198,360	411,336	505,926	448,683
Vessel operating expenses	12	4,638,725	9,140,924	12,038,926	14,410,349
Management fees - related party	3	601,202	1,368,000	1,824,000	1,824,000
Depreciation and amortization	5,6	3,955,309	9,059,792	12,024,829	11,847,628
General and administrative expenses		28,204	98,092	157,039	80,552
<b>Total expenses</b>		<b>13,045,672</b>	<b>26,957,249</b>	<b>35,301,977</b>	<b>30,686,910</b>
<b>Operating income</b>		<b>2,337,444</b>	<b>4,483,823</b>	<b>3,359,869</b>	<b>3,884,132</b>
<b>Other income/(expenses)</b>					
Interest and finance cost		(762,815)	(2,005,339)	(2,568,985)	(2,415,855)
Interest income		98	161	598	504
Gain/(Loss) on derivatives	15	2,830,205	(5,637,347)	(5,588,479)	(10,943,316)
Foreign currency (loss)/gain, net		(5)	(55,994)	(53,700)	2,215
<b>Total other income/(expenses), net</b>		<b>2,067,483</b>	<b>(7,698,519)</b>	<b>(8,210,566)</b>	<b>(13,356,452)</b>
<b>Net income/(loss)</b>		<b>4,404,927</b>	<b>(3,214,696)</b>	<b>(4,850,697)</b>	<b>(9,472,320)</b>

The accompanying notes are an integral part of these combined financial statements.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Combined statements of owners' equity**  
**For the period April 1, 2013 to July 28, 2013 (Unaudited) and**  
**For the years ended March 31, 2013 and 2012 (Audited)**  
**(Expressed in United States Dollars)**

	<u>Owners'</u> <u>capital</u>	<u>Accumulated</u> <u>deficit</u>	<u>Total</u>
<b>Balance, April 1, 2011</b>	—	<b>73,880,910</b>	<b>(46,800,103)</b>
Net loss for the year	—	(9,472,320)	(9,472,320)
<b>Balance, March 31, 2012</b>	—	<b>73,880,910</b>	<b>(56,272,423)</b>
Net loss for the year	—	(4,850,697)	(4,850,697)
<b>Balance, March 31, 2013</b>	—	<b>73,880,910</b>	<b>(61,123,120)</b>
Net income for the period	—	4,404,927	4,404,927
<b>Balance, July 28, 2013</b>	—	<b>73,880,910</b>	<b>(56,718,193)</b>

The accompanying notes are an integral part of these combined financial statements.

**Predecessor Businesses of Dorian LPG Ltd.****Combined statements of cash flows****For the period April 1, 2013 to July 28, 2013 (Unaudited),****For the period April 1, 2012 to December 31, 2012 (Unaudited) and****For the years ended March 31, 2013 and 2012 (Audited)****(Expressed in United States Dollars)**

	April 1, 2013 to July 28, 2013 (Unaudited)	April 1 2012 to December 31, 2012 (Unaudited)	<u>Year ended March 31,</u>	
			2013 (Audited)	2012 (Audited)
<b>Cash flows from operating activities:</b>				
Net income/(loss)	4,404,927	(3,214,696)	(4,850,697)	(9,472,320)
<b>Adjustments to reconcile net income/(loss) to net cash provided by operating activities:</b>				
Depreciation and amortization	3,955,309	9,059,792	12,024,829	11,847,628
Amortization of financing costs	15,437	36,978	48,307	50,286
Unrealized gain/(loss) on derivatives	(4,684,006)	1,443,526	13,681	4,607,769
<b>Changes in assets and liabilities:</b>				
Trade receivables	(3,431,789)	155,902	(735,261)	(58,795)
Prepaid expenses and other receivables	8,646	131,793	487,966	(770,805)
Due from related parties	853,214	(3,942,187)	(2,198,820)	1,035,053
Inventories	415,631	98,298	(660,068)	(317,947)
Trade accounts payable	759,262	(1,689,321)	153,322	2,375,081
Accrued expenses and other liabilities	(336,312)	209,111	(384,265)	(473,196)
Due to related parties	2,710,151	3,680,257	4,755,938	2,585,806
Payment for drydocking costs	—	(399,149)	(399,149)	(1,078,883)
<b>Net cash from operating activities</b>	<b>4,670,470</b>	<b>5,570,304</b>	<b>8,255,783</b>	<b>10,329,677</b>
<b>Cash flows from investing activities:</b>				
Payments for vessel improvements	(90,492)	(353,183)	(469,929)	(309,717)
<b>Net cash used in investing activities</b>	<b>(90,492)</b>	<b>(353,183)</b>	<b>(469,929)</b>	<b>(309,717)</b>
<b>Cash flows from financing activities:</b>				
Repayment of long-term debt	(5,606,000)	(5,007,000)	(8,784,500)	(10,397,000)
<b>Net cash used in financing activities</b>	<b>(5,606,000)</b>	<b>(5,007,000)</b>	<b>(8,784,500)</b>	<b>(10,397,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,026,022)</b>	<b>210,121</b>	<b>(998,646)</b>	<b>(377,040)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,041,644</b>	<b>2,040,290</b>	<b>2,040,290</b>	<b>2,417,330</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>15,622</b>	<b>2,250,411</b>	<b>1,041,644</b>	<b>2,040,290</b>
<b>Supplemental disclosure of cash flow information</b>				
Cash paid during the period for interest	1,002,958	1,597,384	2,472,386	2,196,621

The accompanying notes are an integral part of the combined financial statements.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**1. Basis of Presentation and General Information**

The accompanying combined financial statements include the accounts of entities listed below (collectively, the “Owning Companies” or “Company” or “Predecessor”). The Owning Companies have been presented on a combined basis, as they had common board of directors who functioned as the executive management and made all significant management decisions throughout the periods presented. In order to present the track record of this management team the entities are presented in a single combined set of financial statements.

<u>Vessel owning Company</u>	<u>Date of incorporation</u>	<u>Type of vessel(3)</u>	<u>Vessel's name</u>	<u>Built</u>	<u>CBM(2)</u>
Cepheus Transport Ltd. (Cepheus) (1)	March 17, 2004	VLGC	Captain Nicholas ML	2008	82,000
Lyra Gas Transport Ltd (Lyra) ( 1)	January 30, 2005	VLGC	Captain John NP	2007	82,000
Cetus Transport Ltd. (Cetus) ( 1)	January 27, 2004	VLGC	Captain Markos NL	2006	82,000
Orion Tankers Limited (Orion) ( 1)	October 26, 2005	PGC	Grendon	1996	5,000

(1) Incorporated in Republic of Liberia.

(2) CBM: Cubic meters, a standard measure for LPG tanker capacity.

(3) Very Large Gas Carrier (“VLGC”), Pressurized Gas Carrier (“PGC”)

The Owning Companies are engaged in providing international seaborne transportation services of liquefied petroleum gas (LPG) worldwide through the ownership of LPG tankers to LPG producers and users. The Owning Companies’ vessels are managed by Dorian (Hellas) S.A.-Panama (the “Manager”), a related party. The Manager is a company incorporated in Panama and has a registered branch in Greece, established in 1974 under the provisions of Law 89/1967,378/1968 and article 25 of law 27/75, as amended by article 4 of law 2234/94.

The following charterers individually accounted for more than 10% of the Company’s revenues as follows:

<u>Charterer</u>	<u>% of total revenues</u>			
	<u>April 1, 2013</u>	<u>April 1 2012</u>	<u>Year ended</u>	
	<u>to</u>	<u>to</u>	<u>March 31,</u>	
	<u>July 28, 2013</u>	<u>December 31,</u>	<u>2013</u>	<u>2012</u>
		<u>2012</u>		
Statoil Hydro ASA	49	54	53	89
Petredco Ltd.	18	19	19	10
E1Corp.	19	21	17	—
Astomos Energy Corporation	12	—	—	—

**2. Significant Accounting Policies**

(a) **Principles of combination:** The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts and operating results of the legal entities comprising the Owning Companies as discussed in Note 1, which were all under common management. The combined statements represent an aggregation of the U.S. GAAP financial information of the entities comprising the Owning Companies. All intercompany balances and transactions have been eliminated upon combination.

(b) **Use of estimates:** The preparation of the Predecessor combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies - Continued**

- (c) **Other comprehensive income/loss:** The Company follows the accounting guidance relating to *Comprehensive Income*, which requires separate presentation of certain transactions that are recorded directly as components of stockholders' equity. The Company has no other comprehensive income/loss and accordingly, comprehensive income/loss equals net income/loss for the periods presented.
- (d) **Foreign currency translation:** The functional currency of the Company is the U.S. Dollar. Each foreign currency transaction is measured and recorded in the functional currency using the exchange rate in effect at the date of the transaction. As of the balance sheet date, monetary assets and liabilities that are denominated in a currency other than the functional currency are adjusted to reflect the exchange rate at the balance sheet date and any gains or losses are included in the combined statement of operations.
- (e) **Cash and cash equivalents:** The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.
- (f) **Trade receivables (net):** Trade receivables (net), reflect receivables from vessel charters, net of an allowance for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No allowance for doubtful accounts was recorded for the periods presented.
- (g) **Inventories:** Inventories consist of bunkers on board the vessels when vessels are unemployed or are operating under voyage charters and lubricants and stores on board the vessels. Inventories are stated at the lower of cost or market. Cost is determined by the first in, first out method.
- (h) **Vessels:** Vessels are stated at cost, less accumulated depreciation. The cost of the vessels consists of the contract price, less discounts, plus any direct expenses incurred upon acquisition, including improvements, commission paid, delivery expenses and other expenditures to prepare the vessel for her initial voyage. The cost of vessels constructed includes financing costs incurred during the construction period. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Repairs and maintenance are expensed as incurred.
- (i) **Impairment of long-lived assets:** The Company reviews their vessels "held and used" for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of future undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, the asset is evaluated for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset. In this respect, management regularly reviews the carrying amount of the vessels in connection with the estimated recoverable amount for each of the Company's vessels.
- (j) **Vessel depreciation:** Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate, which is estimated to be \$ 400 per lightweight ton. Management of the Owning Companies estimates the useful life of its vessels to be 20 years from the date of initial delivery from the shipyard for VLGC's and 25 years for PGC vessels. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies - Continued**

- (k) **Drydocking and special survey costs:** Drydocking and special survey costs are accounted under deferral method whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. We are required to drydock a vessel once every five years until it reaches 15 years of age, after which we are required to drydock the applicable vessel every two and one-half years. Costs deferred are limited to actual costs incurred at the yard and parts used in the drydocking or special survey. Costs deferred include expenditures incurred relating to shipyard costs, hull preparation and painting, inspection of hull structure and mechanical components, steelworks, machinery works, and electrical works. If a survey is performed prior to the scheduled date, the remaining unamortized balances are immediately written off. Unamortized balances of vessels that are sold are written-off and included in the calculation of the resulting gain or loss in the period of the vessel's sale. The amortization charge is presented within "Depreciation and amortization" in the combined statements of operations.
- (l) **Financing costs:** Financing fees incurred for obtaining new loans and credit facilities are deferred and amortized to interest expense over the respective loan or credit facility using the effective interest rate method. Any unamortized balance of costs relating to loans repaid or refinanced is expensed in the period the repayment or refinancing is made, subject to the accounting guidance regarding debt extinguishment. Any unamortized balance of costs related to credit facilities repaid is expensed in the period. Any unamortized balance of costs relating to credit facilities refinanced are deferred and amortized over the term of the respective credit facility in the period the refinancing occurs, subject to the provisions of the accounting guidance relating to debt extinguishment. The unamortized financing costs are reflected in Deferred Charges in the accompanying combined balance sheets.
- (m) **Revenue and expenses:** Revenue is recognized when an agreement exists, the vessel is made available to the charterer or services are provided, the charter hire is determinable and collection of the related revenue is reasonably assured.

**Time charter revenue:** Time charter revenues are recorded ratably over the term of the charter as service is provided. Time charter revenues received in advance of the provision of charter service are recorded as deferred income and recognized when the charter service is rendered. Accrued revenue results from straight-line revenue recognition in respect of charter agreements that provide for varying charter rates. Deferred income and accrued revenue amounts that will be recognized within the next twelve months are presented as current, with amounts to be recognized thereafter presented as non-current. Revenues earned through the profit sharing arrangements in the time charters represent contingent rental revenues that are recognized when earned and amounts are reasonably assured based on estimates provided by the charterer.

**Voyage charter revenue:** Under a voyage charter, the revenues are recognized on a pro-rata basis over the duration of the voyage determined on a discharge- to discharge port basis but the Company does not begin recognizing revenue until a charter has been agreed to by the customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port for its next voyage. In the event a vessel is sold while a voyage is in progress, the revenue recognized is based on an allocation formula agreed between the buyer and the seller. Demurrage income represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter and is recognized when earned and collection is reasonably assured. Dispatch expense represents payments by the Company to the charterer when loading or discharging time is less than the stipulated time in the voyage charter and is recognized as incurred.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**2. Significant Accounting Policies - Continued**

**(m) Revenue and expenses - Continued**

**Commissions:** Charter hire commissions to brokers or the Manager are deferred and amortized over the related charter period and are included in Voyage expenses.

**Vessel operating expenses:** Vessel operating expenses are accounted for as incurred on the accrual basis. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, and other miscellaneous expenses.

**(n) Repairs and maintenance:** All repair and maintenance expenses, including underwater inspection costs are expensed in the period incurred. Such costs are included in Vessel operating expenses.

**(o) Segment reporting:** Each of the Owning Company's vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company has determined that it operates in one reportable segment, the international transportation of liquid petroleum gas with its fleet of vessels. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

**(p) Derivative Instruments:** The Company enters into interest rate swap agreements to manage its exposure to fluctuations of interest rate risk associated with its borrowings. All derivatives are recognized in the combined financial statements at their fair value, as either a derivative asset or a liability. The fair value of the interest rate derivatives is based on a discounted cash flow analysis. When such derivatives do not qualify for hedge accounting, the Company recognizes their fair value changes in current period earnings.

**(q) Fair value of financial instruments:**

In accordance with the requirements of accounting guidance relating to Fair Value Measurements, the Company classifies and discloses its assets and liabilities carried at fair value in one of the following three categories:

Level 1:	Quoted market prices in active markets for identical assets or liabilities
Level 2:	Observable market based inputs or unobservable inputs that are corroborated by market data
Level 3:	Unobservable inputs that are not corroborated by market data.

**(r) Recent accounting pronouncements:** There are no recent accounting pronouncements the adoption of which would have a material effect on the Company's combined financial statements in the current period or expected to have an impact on future periods.

**Predecessor Businesses of Dorian LPG Ltd.  
Notes to combined financial statements  
(Expressed in United States Dollars)**

**3. Transactions with Related Parties**

*Dorian (Hellas) S.A.:*

**Ship-Owning Companies Management Agreements:** The Owning Companies historically outsourced the technical, crew and commercial management as well as insurance and accounting services of the vessels to Dorian (Hellas) S.A., pursuant to management agreements (“*Management Agreements*”) with each vessel owning subsidiary. These agreements had an initial term of 12 months and thereafter could be terminated by either party giving two months written notice. For each of the periods presented, under the Management Agreements the Manager received for each VLGC and PGC vessel a commission of 1.25% or 2%, respectively, of the gross freight, demurrage, dead freights and charter hire which are due and payable (“charter hire commission”) and a fixed monthly management fee of \$40,000 or \$32,000 per vessel respectively. In addition, under the Management Agreements, the Manager is entitled to a commission of 1% on the contract price, for any vessel bought or sold.

The following amounts charged by the Manager are included in the combined statement of operations:

	<u>April 1, 2013 to July 28, 2013</u>	<u>April 1, 2012 to December 31, 2012</u>	<u>Year ended March 31,</u>	
			<u>2013</u>	<u>2012</u>
(i) Charter hire commissions , included in Voyage expenses — related party	198,360	411,336	505,926	448,683
(ii) Management fees	601,202	1,368,000	1,824,000	1,824,000

The amounts due to/from related parties represent amounts due to/from the Manager relating to payments made by the Manager on behalf of each of the Owning Companies net of amounts transferred to the Manager.

**4. Inventories**

Inventories by type were as follows:

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Bunkers	1,200,591	651,913
Victualing	64,969	48,200
Bonded stores	16,924	10,124
Lubricants	418,987	328,510
Communication cards	6,770	9,426
<b>Total</b>	<b><u>1,708,241</u></b>	<b><u>1,048,173</u></b>

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**5. Vessels, Net**

	<u>Vessel cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Balance, April 1, 2011	251,713,635	(42,071,627)	209,642,008
Vessel improvements	309,718	—	309,718
Depreciation	—	(11,672,054)	(11,672,054)
<b>Balance, March 31, 2012</b>	<b>252,023,353</b>	<b>(53,743,681)</b>	<b>198,279,672</b>
Vessel improvements	469,929	—	469,929
Depreciation	—	(11,671,879)	(11,671,879)
<b>Balance, March 31, 2013</b>	<b>252,493,282</b>	<b>(65,415,560)</b>	<b>187,077,722</b>
Vessel improvements	90,492	—	90,492
Depreciation	—	(3,839,271)	(3,839,271)
<b>Balance, July 28, 2013</b>	<b>252,583,774</b>	<b>(69,254,831)</b>	<b>183,328,943</b>

All the Company's vessels are first-priority mortgaged as collateral to secure the bank loans discussed in Note 8. No impairment loss was identified or recorded for the years ended March 31, 2013 and 2012.

The vessel improvements relate to improvements to the vessels and include systems to improve the consumption of the main engines lubricating oil, fuel system modification (double fuel system), and modifications to increase the vessel cargo operation flexibility.

**6. Deferred Charges, Net**

The deferred charges comprised of the following:

	<u>Financing costs</u>	<u>Drydocking costs</u>	<u>Total</u>
<b>April 1, 2011</b>	<b>360,948</b>	—	<b>360,948</b>
Additions	—	1,478,032	1,478,032
Amortization	(50,286)	(175,574)	(225,860)
<b>March 31, 2012</b>	<b>310,662</b>	<b>1,302,458</b>	<b>1,613,120</b>
Amortization	(48,307)	(352,950)	(401,257)
<b>March 31, 2013</b>	<b>262,355</b>	<b>949,508</b>	<b>1,211,863</b>
Amortization	(15,437)	(116,038)	(131,475)
<b>July 28, 2013</b>	<b>246,918</b>	<b>833,470</b>	<b>1,080,388</b>

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**7. Accrued Expenses**

Accrued expenses comprise of the following:

	<u>March 31,2013</u>	<u>March 31, 2012</u>
Accrued loan and swap interest	1,407,673	1,530,491
Accrued voyage and vessel operating expenses	10,912	272,721
<b>Total</b>	<b><u>1,418,585</u></b>	<b><u>1,803,212</u></b>

**8. Long-Term Debt**

The table below presents the loans outstanding as of March 31, 2013 and 2012:

<b>Secured bank debt</b>	<u>March 31,2013</u>	<u>March 31, 2012</u>
(a) Royal Bank of Scotland plc (RBS)		
Tranche B	35,798,000	38,355,000
Tranche C	47,600,000	51,000,000
Tranche D	54,932,500	56,760,000
<b>Total RBS</b>	<b><u>138,330,500</u></b>	<b><u>146,115,000</u></b>
(b) Deutsche Schiffsbank	2,500,000	3,500,000
<b>Total</b>	<b><u>140,830,500</u></b>	<b><u>149,615,000</u></b>

**Presented as follows:**

Current portion of long-term debt	12,112,000	10,612,000
Long-term debt	128,718,500	139,003,000
<b>Total</b>	<b><u>140,830,500</u></b>	<b><u>149,615,000</u></b>

The minimum annual principal payments, in accordance with the loan agreements, required to be made after March 31, 2013 are as follows:

<b>Year ending March 31,</b>	
2014	12,112,000
2015	9,612,000
2016	9,612,000
2017	9,612,000
2018	9,612,000
Thereafter	90,270,500
<b>Total</b>	<b><u>140,830,500</u></b>

**Predecessor Businesses of Dorian LPG Ltd.  
Notes to combined financial statements  
(Expressed in United States Dollars)**

**8. Long-Term Debt - Continued**

- (a) **The Royal Bank of Scotland plc (RBS):** On August 12 2005 Cepheus, Lyra, Cetus and Cygnus Transport Ltd. (Cygnus) a related party (collectively the “Borrowers”), jointly and severally entered into a loan facility divided into four tranches. Tranche A of up to \$34.9 million related to Cygnus. Tranche B of up to \$51.1 million, Tranche C of up to \$68 million and Tranche D of up to \$68.8 million related to the financing of approximately 80% of the construction cost of the *Captain Markos NL*, the *Captain John NP* and the *Captain Nicholas ML* respectively. Tranches B, C, and D were payable in twenty four equal consecutive six monthly installments of \$1,278,500; \$1,700,000 and \$1,720,000 commencing six months after the final draw down date of each tranche, plus a balloon payment of \$20,456,000, \$27,200,000 and 27,520,000 respectively. The loan bears interest at LIBOR plus a margin of 0.925% per annum. The agreement also requires that Borrowers to maintain a minimum market adjusted a security cover ratio equal to at least 120% of amounts due to RBS under the loan agreement. In the event of noncompliance the Borrowers will be required within 30 days of being notified in writing by RBS to make such prepayment or provide such additional security to restore the security cover ratio. As of March 31, 2013 the Borrowers were not in compliance with the security cover which reflected a shortfall of approximately \$7.7 million. The shortfall was effectively remedied by June 30, 2013 following normal scheduled debt repayments, a reduction in the out of the money exposure position on the interest rate swaps and an improvement in the aggregate fair market valuations of the mortgaged vessels.
- (b) **Deutsche Schiffsbank:** On July 25, 2007, Orion entered into a loan agreement for \$8,000,000 to partially finance the acquisition of LPG Grendon. The loan is payable in twenty four (24) equal consecutive quarterly installments of \$250,000, commencing in October 2007, plus a balloon payment of \$2,000,000 payable together with the last installment. The loan bears interest at LIBOR plus a margin of 1.1% per annum. In addition Orion was required to maintain a minimum market adjusted asset cover ratio equal to at least 125% of the outstanding loan principal (“security cover ratio”). Orion was in compliance with the security cover ratio as of March 31, 2013. The loan was fully repaid on July 23, 2013.

**Securities :** All loans are secured by first priority mortgages on the vessels discussed above and first assignments of all freights, earnings and insurances. The loan agreements also contain covenants that require the Company to maintain adequate insurance coverage and to obtain the lender’s prior consent before changes are made to the flag, class or management of the vessels, or enter into a new line of business, pay dividend if an event of default has occurred and is continuing, repay any shareholders loans or make any loans or advances, issue any shares in its capital other than to the shareholders, reduce its issued share capital, acquire any subsidiary and consolidate or amalgamate with, or merge into, any other entity.

**9. Owners’ Capital**

Each ship owning entity is a body corporate duly organized under the laws of the Republic of Liberia and has an authorized share capital divided into 500 registered and/or bearer shares of no par value, all of which have been issued in the bearer form. The holders of the shares are entitled to one vote on all matters submitted to a vote of owners and to receive all dividends, if any.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**9. Owners' Capital - Continued**

Ship-owning entity	Date of incorporation
Cetus Transport Ltd.	March 17, 2004
Lyra Gas Transport Ltd.	January 30, 2005
Cepheus Transport Ltd.	January 27, 2004
Orion Tankers Limited	October 26, 2005

As discussed in Note 1, the financial statements are comprised of the combined financial information of the entities that comprise the Owning Companies. As a result, the financial statements reflect owners' capital and not share capital and additional paid in capital of a parent company. Owners capital represents contributions from owners. The owners capital was used to partly finance the acquisition of the vessels.

**10. Revenues**

Revenues comprise the following:

	April 1, 2013 to July 28, 2013	April 1, 2012 to December 31, 2012	Year ended March 31,	
			2013	2012
Time charter revenue	8,850,543	19,387,538	24,143,606	33,399,609
Voyage charter revenue	6,236,525	11,116,855	13,581,561	142,500
Other income	296,048	936,679	936,679	1,028,933
<b>Total</b>	<b>15,383,116</b>	<b>31,441,072</b>	<b>38,661,846</b>	<b>34,571,042</b>

Included in time charter revenue is the profit-sharing element of the time charter agreements of \$2,702,635 for the period April 1, 2013 to July 28, 2013, \$5,193,454 for the nine month period ended December 31, 2012, \$5,193,454 for the year ended March 31, 2013 and \$5,966,726 for the year ended March 31, 2012. Other income represents demurrage income and income from charterers relating to expenses such as security guards and additional war risk insurance recovered from the charterers.

**11. Voyage Expenses**

Voyage expenses, including voyage expenses — related party, are comprised as follows:

	April 1, 2013 to July 28, 2013	April 1, 2012 to December 31, 2012	Year ended March 31,	
			2013	2012
Brokers commission	396,720	817,254	1,025,761	897,367
Bunkers	2,755,445	5,169,895	6,678,660	481,903
Port charges and other related expenses	391,091	629,796	746,574	180,983
Security cost	206,940	499,224	582,112	668,458
War risk insurances	26,673	97,175	111,626	241,854
Other voyage expenses	45,363	77,097	112,450	53,816
<b>Total voyage expenses</b>	<b>3,822,232</b>	<b>7,290,441</b>	<b>9,257,183</b>	<b>2,524,381</b>

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**12. Vessel Operating Expenses**

Vessel operating expenses are comprised of the following:

	April 1, 2013 to July 28, 2013	April 1, 2012 December 31, 2012	Year ended March 31,	
			2013	2012
Crew wages and related costs	2,519,315	5,898,179	7,932,836	8,007,295
Spares and stores	1,284,161	1,191,372	1,502,111	2,143,239
Lubricants	176,502	557,114	686,375	851,829
Insurance	298,249	726,285	942,847	997,801
Repairs and maintenance costs	279,921	673,161	848,576	2,237,825
Miscellaneous expenses	80,577	94,813	126,181	172,360
<b>Total</b>	<b>4,638,725</b>	<b>9,140,924</b>	<b>12,038,926</b>	<b>14,410,349</b>

**13. Income Taxes**

The Owing Companies are incorporated in the Republic of Liberia and under the laws of the Liberia, are not subject to income taxes, however, they are subject to registration and tonnage taxes, which are not income taxes and are included in vessel operating expenses in the accompanying combined statements of operations. Furthermore, the Owing Companies are subject to a 4% United States federal tax in respect of its U.S. source shipping income (imposed on gross income without the allowance for any deductions), which is not an income tax. Such taxes have been recorded within Voyage Expenses in the accompanying combined statements of operations. In many cases, these taxes are recovered from the charterers; such amounts recovered are recorded within Revenues in the accompanying combined statements of operations.

**14. Commitments and Contingencies**

From time to time the Owing Companies expect to be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. Such claims, even if lacking in merit, could result in the expenditure of significant financial and managerial resources. The Owing Companies are not aware of any claim, which is reasonably possible and should be disclosed or probable and for which a provision should be established in the accompanying financial statements.

The Company was jointly and severally liable together with a related party in respect of the related party's outstanding loan balance of \$22,290,000 due under the bank loan as of March 31, 2013 (refer note 8(a)).

**15. Derivative Instruments**

The Owing Companies use interest rate swaps for the management of interest rate risk exposure. The interest rate swaps effectively convert a portion of the Company's debt from a floating to a fixed rate. To hedge its exposure to changes in interest rates the Company is a party to five floating-to-fixed interest rate swaps with RBS covering notional amounts aggregating approximately \$136,718,000 as of March 31, 2013 (2012: \$146,115,000).

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**15. Derivative Instruments - Continued**

On March 31, 2005 and April 3, 2007 Cetus Transport Ltd entered into an interest rate swap agreement with RBS with effective date November 21, 2006 and November 17, 2006 respectively and termination dated November 21, 2018 and November 17, 2018. Under the terms of this arrangement the Company swaps the notional amount outstanding under the agreement from a floating rate of interest to a fixed rate of 5.395% and 4.936% respectively. The original notional amount of \$51,140,000 is reduced semi-annually by \$1,278,500 with a final settlement of \$20,456,000 due in November, 2018.

On March 9, 2007 and February 7, 2012, Lyra Gas Transport Ltd entered into an interest rate swap agreement with RBS with effective date March 22, 2007 and September 24, 2011 respectively and termination dated March 22, 2019. Under the terms of this arrangement the Company swaps the notional amount outstanding under the agreement from a floating rate of interest to a fixed rate of 4.772% and 2.960% respectively. The original notional amount of \$64,146,313 is reduced semi-annually by \$1,700,000 with a final settlement of \$28,900,000 due in March 22, 2019.

On January 8, 2009, Cepheus Transport Ltd entered into an extendable interest rate swap agreement with the RBS with effective date July 21, 2008 and termination dated July 21, 2014. RBS holds the right to extend the interest rate swap until the July 21 2020. Under the terms of this arrangement the Company swaps the notional amount outstanding under the agreement from a floating rate of interest to a fixed rate of 4.35%. The original notional amount of \$68,800,000 is reduced semi-annually by \$1,720,000 with a final settlement of \$29,240,000 due in July 21, 2020.

Tabular disclosure of financial derivatives is as follows:

Derivatives not designated as hedging instruments	Balance sheet location	March 31, 2013		March 31, 2012	
		Asset derivatives	Liability derivatives	Asset derivatives	Liability derivatives
Interest Rate Swap Agreements	Non-current liabilities - Derivatives	—	21,369,878	—	21,356,197
<b>Total derivatives not designated as hedging instruments</b>		<b>—</b>	<b>21,369,878</b>	<b>—</b>	<b>21,356,197</b>

The effect of derivative instruments on the combined statements of operations for the periods April 1, 2013 to July 28, 2013, nine month period ended December 31, 2012 and years ended March 31, 2013 and 2012 is as follows:

Derivatives not designated as hedging instruments	Location of gain/(loss) recognized	April 1, 2013 to July 28, 2013	April 1, 2012 to December 31, 2012	Year ended March 31,	
		(Unaudited)	(Unaudited)	2013	2012
Interest Rate Swap - Change in fair value	Gain/(loss) on derivatives	4,684,007	(1,443,526)	(13,680)	(4,607,773)
Interest Rate Swap — Realized loss	Gain/(loss) on derivatives	(1,853,802)	(4,193,821)	(5,574,799)	(6,335,543)
<b>Total gain/(loss) on derivatives</b>		<b>2,830,205</b>	<b>(5,637,347)</b>	<b>(5,588,479)</b>	<b>(10,943,316)</b>

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**16. Financial Instruments**

The principal financial assets of the Company consist of cash and cash equivalents, amounts due from related parties and trade accounts receivable. The principal financial liabilities of the Company consist of long-term bank loans, interest rate swaps, accounts payable, amounts due to related parties and accrued liabilities.

- (a) **Interest rate risk:** The Company's long-term bank loans are based on LIBOR and hence the Company is exposed to movements in LIBOR. The Company entered into interest rate swap agreements, discussed in Note 15, in order to hedge its variable interest rate exposure.
- (b) **Concentration of credit risk:** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of trade accounts receivable, amounts due from related parties, cash and cash equivalents. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its trade accounts receivable. The Company places its cash and cash equivalents, with high credit quality financial institutions.
- (c) **Fair value:** The carrying values of trade accounts receivable, amounts due from related parties, cash and cash equivalents, accounts payable, amounts due to related parties and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair value of long-term bank loans approximate the recorded value, due to their variable interest rate, being the LIBOR. LIBOR rates are observable at commonly quoted intervals for the full terms of the loans and hence long-term bank loans are considered Level 2 items in accordance with the fair value hierarchy.

The interest rate swaps, discussed in Note 15, are stated at fair value. The fair value of the interest rate swaps is determined using a discounted cash flow approach based on market-based LIBOR swap yield rates. LIBOR swap rates are observable at commonly quoted intervals for the full terms of the swaps and therefore are considered Level 2 items in accordance with the fair value hierarchy. The fair value of the interest rate swap agreements approximates the amount that the Company would have to pay for the early termination of the agreements.

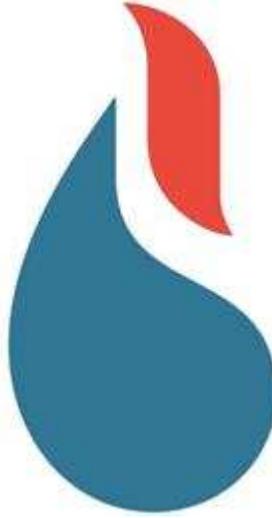
As of March 31, 2013 and 2012, no fair value measurements for assets or liabilities under Level 1 or Level 3 were recognized in the Company's combined balance sheets. The Company did not have any other assets or liabilities measured at fair value on a nonrecurring basis during the years ended March 31, 2013 and 2012.

**Predecessor Businesses of Dorian LPG Ltd.**  
**Notes to combined financial statements**  
**(Expressed in United States Dollars)**

**17. Subsequent Events**

On July 29, 2013, the following transactions took place:

- Cepheus, Lyra and Cetus sold the *Captain Nicholas ML*, the *Captain John NP* and the *Captain Markos NL* to CMNL LPG Transport LLC, CJNP LPG Transport LLC and CNML LPG Transport LLC (being newly created entities of the same shareholders), respectively, which also assumed the related outstanding bank debt and interest rate swaps related to each vessel.
- 100% interest in CMNL LPG Transport LLC, CJNP LPG Transport LLC and CNML LPG Transport LLC was contributed to Dorian LPG LTD in exchange for equity in Dorian LPG LTD.
- The Grendon was sold to Grendon Tanker LLC, a wholly owned subsidiary of Dorian LPG LTD.



*DORIAN LPG LTD.*

Common Shares

J.P. Morgan

UBS Investment Bank

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## PART II: INFORMATION NOT REQUIRED IN THE PROSPECTUS

### Item 6. Indemnification of Directors and Officers

The Bylaws of the Registrant provide that every director and officer of the Registrant shall be indemnified out of the funds of the Registrant against:

- (1) all civil liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him as such director or officer acting in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election, provided always that such indemnity shall not extend to any matter which would render it void pursuant to any Marshall Islands statute from time to time in force concerning companies insofar as the same applies to the Registrant (the “Companies Acts”); and
- (2) all liabilities incurred by him as such director or officer in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court.

Section 60 of the Associations Law of the Republic of the Marshall Islands provides as follows: Indemnification of directors and officers.

- (1) *Actions not by or in right of the corporation* . A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful.
- (2) *Actions by or in right of the corporation* . A corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys’ fees) actually and reasonably incurred by him or in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not, opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claims, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.
- (3) *When director or officer successful* . To the extent that director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (1) or (2) of this section, or in the defense of a claim, issue or matter therein, he shall be indemnified against expenses (including attorneys’ fees) actually and reasonably incurred by him in connection therewith.
- (4) *Payment of expenses in advance* . Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section.

- (5) *Indemnification pursuant to other rights* . The indemnification and advancement of expenses provided by or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.
- (6) *Continuation of indemnification*. The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.
- (7) *Insurance* . A corporation shall have power to purchase and maintain insurance or behalf of any person who is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer against any liability asserted against him and incurred by him in such capacity whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

#### Item 7. Recent Sales of Unregistered Securities

The following information gives effect to a one-for- reverse stock split of our common shares to be effected prior to the completion of this offering. On July 1, 2013, we issued 100 shares to Dorian Holdings in connection with our formation, on July 29, 2013 we issued an aggregate of 93,221,621 shares, on November 26, 2013 we issued an aggregate of 120,357,528 shares, and on February 12, 2014, we issued an aggregate of 28,246,000 shares. These sales were deemed to be exempt from registration under the Securities Act in reliance upon the exemptions to the Securities Act indicated in the table below. There were no underwriters involved in any of the transactions, nor were there any forms of public solicitation or general advertising used in connection with the issuances.

<u>Securities Sold</u>	<u>Date Sold</u>	<u>Consideration</u>	<u>Registration Exemption</u>	<u>Purchasers</u>
100 common shares	July 1, 2013	\$100	Section (4)2	Dorian Holdings
46,550,271 common shares	July 29, 2013	\$117.7 million	Regulation S and Rule 144A	Qualified institutional buyers and non-U.S. persons
23,335,675 common shares	July 29, 2013	Option rights, interests in vessel owning entities and cash, as further described in Note 1 to our consolidated financial statements included herein	Section 4(2)	Dorian Holdings
23,335,675 common shares	July 29, 2013	Subsidiary entities and cash, as further described in Note 1 to our consolidated financial statements included herein	Section 4(2)	SeaDor Holdings
39,952,123 common shares	November 26, 2013	Option rights, 100% ownership of an entity that is party to a newbuilding contract and cash, as further described in Note 1 to our consolidated financial statements included herein	Section 4(2)	Scorpio Tankers
80,405,405 common shares	November 26, 2013	\$245.6 million	Regulation S and Rule 144A	Qualified institutional buyers and non-U.S. persons
28,246,000 common shares	February 12, 2014	\$100.0 million	Regulation S and Rule 144A	Qualified institutional buyers and non-U.S. persons

**Item 8. Exhibits and Financial Statement Schedules**

## (a) Exhibits

Number	Description
1.1	Form of Underwriting Agreement*
3.1	Amended and Restated Articles of Incorporation**
3.2	Amended and Restated Bylaws**
4.1	Form of Common Share Certificate**
5.1	Form of Opinion of Seward & Kissel LLP as to the legality of the securities being registered**
8.1	Form of Opinion of Seward & Kissel LLP with respect to certain tax matters
10.1	Equity Incentive Plan*
10.2	Shareholders Agreement Dorian LPG Ltd., Scorpio Tankers Inc., SeaDor Holdings LLC and Dorian Holdings LLC**
10.3	Purchase Agreement between Dorian LPG Ltd. and Scorpio Tankers Inc., dated November 26, 2013
10.4	Management Agreement, dated July 26, 2013, between CMNL LPG Transport LLC and Dorian (Hellas), SA**
10.5	Management Agreement, dated July 26, 2013, between CJNP LPG Transport LLC and Dorian (Hellas), SA**
10.6	Management Agreement, dated July 26, 2013, between CNML LPG Transport LLC and Dorian (Hellas), SA**
10.7	Management Agreement, dated July 26, 2013, between Grendon Tanker LLC and Dorian (Hellas), SA**
10.8	Option and Assignment Agreement among Dorian LPG Ltd., Dorian Holdings, Dorian (Hellas) and Seacor Gas Transport Corporation, dated July 29, 2013**
10.9	Contribution and Release Agreement between Dorian LPG Ltd. and, Dorian (Hellas), SA and SeaDor Holdings LLC, dated July 29, 2013**
10.10	\$135.2 million Term Loan Facility, dated July 29, 2013, between CJNP LPG Transport LLC, CMNL LPG Transport LLC, CNML LPG Transport LLC, Corsair LPG Transport LLC, Dorian LPG Ltd. and The Royal Bank of Scotland plc
10.11	Contribution and Conveyance Agreement, dated July 29, 2013, between Dorian LPG Ltd. and Dorian Holdings LLC**
10.12	Charter Party Agreement with Petredec Limited with respect to <i>Grendon</i> , dated May 27, 2011, as amended
10.13	Charter Party Agreement with Statoil ASA with respect to <i>Captain Markos NL</i> , dated October 20, 2010
10.14	Charter Party Agreement with Statoil ASA with respect to <i>Captain Nicholas ML</i> , dated April 7, 2008 **
10.15	Transition Agreement, dated July 29, 2013, as amended, by and between Dorian LPG (USA) LLC and Eagle Ocean Transport Inc. **
10.16	Transition Agreement, dated July 29, 2013, as amended, by and between Dorian LPG (USA) LLC. and Highbury Shipping Services Ltd. **
10.17	Transition Agreement, dated July 29, 2013, as amended, by and between Dorian LPG Management Corp. and Dorian (Hellas) S.A. **
10.18	Newbuilding Services Agreement, dated July 26, 2013, by and between Dorian LPG Ltd. and Dorian (Hellas) S.A. **
10.19	Supplemental Letter to \$135.2 million Term Loan Facility, dated October 18, 2013 **
14.1	Code of Ethics*
21.1	List of Subsidiaries**
23.1	Consent of Deloitte Hadjipavlou, Sofianos & Cambanis S.A.
23.2	Consent of Seward & Kissel LLP (included in its opinion filed as Exhibit 5.1)
23.3	Consent of Seward & Kissel LLP (included in its opinion filed as Exhibit 8.1)
23.4	Consent of Poten & Partners (UK) Limited
24.1	Powers of Attorney (included in the signature page hereto)

\* To be filed in a subsequent amendment.

\*\* Previously filed.

## (b) Financial Statement Schedules

The financial statement schedules are omitted because they are inapplicable or the requested information is shown in the financial statements included in the prospectus forming a part of this registration statement or related notes thereto.

**Item 9. Undertakings**

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Stamford, Connecticut, on the 17<sup>th</sup> day of April, 2014.

**DORIAN LPG LTD.**

By: /s/ John C. Hadjipateras  
 Name: John C. Hadjipateras  
 Title: Chairman, President and Chief Executive Officer;  
 President, Dorian LPG (USA) LLC

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Gary J. Wolfe, Robert E. Lustrin, Will Vogel or either of them, with full power to act alone, his or her true lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements to this registration statement, whether pre-effective or post-effective, including any subsequent registration statement for the same offering which may be filed under Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing necessary to be done, as fully for all intents and purposes as he or she might or could do in person hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities indicated on April 17, 2014.

Signature	Title
<u>/s/ John C. Lycouris</u> John C. Lycouris	Director; Chief Executive Officer, Dorian LPG (USA) LLC
<u>/s/ Theodore B. Young</u> Theodore B. Young	Chief Financial Officer and Treasurer; Chief Financial Officer and Treasurer, Dorian LPG (USA) LLC (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ John C. Hadjipateras</u> John C. Hadjipateras	Chairman, President and Chief Executive Officer; President, Dorian LPG (USA) LLC (Principal Executive Officer)
<u>/s/ Charles Fabrikant</u> Charles Fabrikant	Director
<u>/s/ Øivind Lorentzen</u> Øivind Lorentzen	Director
<u>/s/ Nigel D. Widdowson</u> Nigel D. Widdowson	Director
<u>/s/ Thomas J. Coleman</u> Thomas J. Coleman	Director

/s/ Eric Fabrikant  
Eric Fabrikant

Director

/s/ Robert Bugbee  
Robert Bugbee

Director

**Authorized Representative**

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative of the Registrant in the United States, has signed this registration statement in Stamford, Connecticut, on April 17, 2014.

**DORIAN LPG (USA) LLC**

By: /s/ John C. Hadjipateras

Name: John C. Hadjipateras

Title: President, Dorian LPG (USA) LLC

**SEWARD & KISSEL LLP**ONE BATTERY PARK PLAZA  
NEW YORK, NEW YORK 10004TELEPHONE: (212) 574-1200  
FACSIMILE: (212) 480-8421  
WWW.SEWKIS.COM901 K STREET, NW  
WASHINGTON, DC 20001  
TELEPHONE: (202) 737-8833  
FACSIMILE: (202) 737-5184

, 2014

Dorian LPG Ltd.  
27 Signal Road  
Stamford, Connecticut 06902**Re: Dorian LPG Ltd.**

Ladies and Gentlemen:

We have acted as counsel to Dorian LPG Ltd. (the “Company”) in connection with the Company’s Registration Statement on Form F-1 (File No. 333-194434) (the “Registration Statement”) as filed publicly with the U.S. Securities and Exchange Commission (the “Commission”) on March 7, 2014, as thereafter amended or supplemented, with respect to the initial public offering (the “Offering”) of the Company’s common shares, par value \$0.01 per share (the “Common Shares”).

In formulating our opinion as to these matters, we have examined such documents as we have deemed appropriate, including the Registration Statement and the prospectus of the Company (the “Prospectus”) included in the Registration Statement. We also have obtained such additional information as we have deemed relevant and necessary from representatives of the Company.

Capitalized terms not defined herein have the meanings ascribed to them in the Registration Statement.

Based on the facts as set forth in the Registration Statement and, in particular, on the representations, covenants, assumptions, conditions and qualifications described under the captions “Risk Factors” and “Tax Considerations” therein, we hereby confirm that the opinions of Seward & Kissel LLP with respect to United States federal income tax matters and Marshall Islands tax matters expressed in the Registration Statement under the captions “Tax Considerations — United States Federal Income Tax Considerations”, “Tax Consideration — Marshall Islands Tax Considerations”, “Risk Factors — We may have to pay tax on United States source shipping income, which would reduce our earnings” and “Risk Factors — United States tax authorities could treat us as a ‘passive foreign investment company,’ which could have adverse United States federal income tax consequences to United States holders” accurately state our opinion as to the tax matters discussed therein.

Our opinions and the tax discussion as set forth in the Registration Statement are based on the current provisions of the Internal Revenue Code of 1986, as amended, the Treasury Regulations promulgated thereunder, published pronouncements of the Internal Revenue Service which may be cited or used as precedents, and case law, any of which may be changed at any time with retroactive effect. No opinion is expressed on any matters other than those specifically referred to above by reference to the Registration Statement.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to each reference to us and discussion of advice provided by us in the Prospectus. In giving such consent, we do not hereby admit that we are “experts” within the meaning of the Securities Act and the rules and regulations of the Commission promulgated thereunder with respect to any part of the Registration Statement.

Very truly yours,

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**PURCHASE AGREEMENT**

between

**DORIAN LPG LTD.**

and

**SCORPIO TANKERS INC.**

dated as of

November 26, 2013

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## PURCHASE AGREEMENT

This Purchase Agreement (this “**Agreement**”), dated as of November 26, 2013, is entered into between Dorian LPG Ltd., a corporation formed under the Laws of the Republic of the Marshall Islands (“**Dorian**”) and Scorpio Tankers Inc., a corporation formed under the Laws of the Marshall Islands (“**Scorpio**”).

### RECITALS

Dorian wishes to issue and sell to Scorpio, and Scorpio wishes to acquire from Dorian, 39,952,123 of Dorian’s common shares, par value \$0.01 per share (the “**Shares**”) in exchange for Scorpio’s contribution of certain newbuilding vessel contracts, all of the issued and outstanding shares of capital stock of three subsidiaries of Scorpio, and \$1,930,000 of cash, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this **Article I** :

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**Balance Sheet**” has the meaning set forth in **Section 3.05** .

“**Balance Sheet Date**” has the meaning set forth in **Section 3.05** .

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks located in New York, NY or the Netherlands are authorized or required by Law to be closed for business.

“**Closing**” has the meaning set forth in **Section 2.04** .

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“ **Closing Date** ” has the meaning set forth in **Section 2.04** .

“ **Code** ” means the Internal Revenue Code of 1986, as amended.

“ **Collateral Source**” has the meaning set forth in **Section 8.07** .

“ **Common Share** ” has the meaning set forth in **Section 3.02(a)** .

“**Consideration**” has the meaning set forth in **Section 2.02** .

“**Constitutional Documents**” means all constituent documents of the Contributed Scorpio Subsidiaries, including their respective articles of incorporation and bylaws, or such other similar documents, and any agreements to which a Contributed Scorpio Subsidiary is a party.

“ **Contracts** ” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“ **Contributed Assets** ” has the meaning set forth in **Section 2.02** .

“ **Contributed Scorpio Newbuilding Contracts** ” means the shipbuilding contracts between certain Scorpio Subsidiaries and HHI in respect of Hulls No. S749, S750, S751, S752, S753, S754, S755 and S756, including any specifications, extras or change orders, amendments, addenda or agreements relating thereto.

“ **Contributed Scorpio Refund Guarantees** ” means, collectively, the letters of credit or guarantee issued to certain Scorpio Subsidiaries by (i) Hana Bank in respect of HHI Hulls No. S749, S750, S751, S752, S755 and S756 and (ii) Korea Exchange Bank in respect of HHI Hulls No. S753 and S754.

“ **Contributed Scorpio Subsidiaries** ” means collectively STI Dubai Shipping Company Limited, STI Geneva Shipping Company Limited and STI Tokyo Shipping Company Limited, each a corporation formed under the Laws of the Republic of the Marshall Islands.

“ **Contributed Shares** ” means, collectively, all of the issued and outstanding shares of capital stock of the Contributed Scorpio Subsidiaries.

“**Corporate Books**” has the meaning set forth in Section 2.03(a)(iv).

“**Corporate Records**” means (a) the Constitutional Documents; (b) all minutes of meetings and resolutions of stockholders and directors of each Contributed Scorpio Subsidiary; and (c) the Corporate Books.

“ **Direct Claim** ” has the meaning set forth in **Section 8.04(c)** .

“ **Dorian Disclosure Schedules** ” means the Disclosure Schedules delivered by Dorian concurrently with the execution and delivery of this Agreement.

“ **Dollars**” or “**\$** ” means the lawful currency of the United States.

“ **Dorian** ” has the meaning set forth in the preamble.

“ **Dorian Indemnitees** ” has the meaning set forth in **Section 8.03** .

“ **Dorian Corporate Guarantees** ” means, collectively, corporate guarantees issued by Dorian to Scorpio for any amounts payable by Scorpio in connection with the applicable corporate guarantees issued by Scorpio to DSME in respect of Hulls No. 2336, 2337 and 2338, including any specifications, extras or change orders, amendments, addenda or agreements relating thereto.

“ **Dorian’s Knowledge** ” or any other similar knowledge qualification, means the actual knowledge of any officer of Dorian, after due inquiry.

“**Dorian Material Adverse Effect** ” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of Dorian, or (b) the ability of Dorian to consummate the transactions contemplated hereby on a timely basis; provided, however, that the following will not be considered when determining whether a Dorian Material Adverse Effect has occurred: (A) any general social, political or economic condition or event, the effects of which are not specific or unique to Dorian, including stock market fluctuations, exchange rate fluctuations, acts of war or terrorism, or the consequences of the foregoing; (B) the general condition of the shipping industry, including any change in general industry conditions; (C) any change in Law; (D) any change in IFRS, GAAP or other applicable accounting rules; or (E) any change resulting from the execution of this Agreement, the Transaction Documents or the consummation of any of the transactions contemplated by this Agreement and the Transaction Documents.

“ **Dorian Refund Guarantees** ” means, collectively, the letters of credit or guarantee issued to Dorian Subsidiaries in connection with the Novation Agreements by (i) Hana Bank in respect of HHI Hulls No. S749, S750, S751, S752, S755 and S756, and (ii) Korea Exchange Bank in respect of HHI Hulls No. S753 and S754.

“ **Dorian Subsidiaries** ” has the meaning set forth in **Section 3.03** .

“ **DSME** ” means Daewoo Shipbuilding & Marine Engineering Co., Ltd.

“ **DSME Shipbuilding Contracts** ” means, collectively, the shipbuilding contract agreements in respect of DSME Hulls No. 2336, 2337 and 2338, between the respective Contributed Scorpio Subsidiaries and DSME, as amended.

“ **Encumbrance** ” means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage,

easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership; provided, however, that for purposes of this Agreement, the term "Encumbrance" shall not include Permitted Encumbrances.

**" Environmental Claim "** means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

**" Environmental Law "** means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials.

**" Environmental Notice "** means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

**" Environmental Permit "** means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other Action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

**" GAAP "** means United States generally accepted accounting principles in effect from time to time.

**" Governmental Authority "** means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

**" Governmental Order "** means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

**" Hazardous Materials "** means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case,

whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“ **HHI** ” means Hyundai Samho Heavy Industries Co., Ltd.

“ **IFRS** ” means International Financial Reporting Standards; standards and interpretations adopted by the International Accounting Standards Board in effect from time to time.

“ **Indemnified Party** ” has the meaning set forth in **Section 8.04** .

“ **Indemnifying Party** ” has the meaning set forth in **Section 8.04** .

“ **Insurance Policies** ” has the meaning set forth in **Section 3.12** .

“ **Intellectual Property** ” has the meaning set forth in **Section 3.10** .

“ **Law** ” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“ **Liabilities** ” has the meaning set forth in **Section 3.06** .

“ **Losses** ” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“ **Material Adverse Effect** ” means Dorian Material Adverse Effect or Scorpio Material Adverse Effect, as applicable .

“ **Material Contracts** ” has the meaning set forth in **Section 3.08(a)** .

“**Novation Agreements**” means the agreements effecting the transfer of the Contributed Assets to Dorian or certain Dorian Subsidiaries on the date hereof, including the Contributed Scorpio Newbuilding Contracts and Contributed Scorpio Refund Guarantees.

“**November Private Placement**” means the approximately \$250 million Norwegian private placement of Dorian’s common shares pursuant to Rule 144A and Regulation S under the Securities Act, commenced in November 2013.

“ **Permits** ” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“ **Permitted Encumbrances** ” means (i) liens for Taxes that are not yet due and payable or that are being contested in good faith, (ii) mechanics’, workmen’s, repairmen’s, warehousemen’s, carriers’ and other statutory liens arising or incurred in the ordinary course of business that are not yet due and payable or that are not material in the amount and are being contested in good faith by appropriate proceedings, (iii) Encumbrances consisting of pledges or deposits made in connection with obligations under workers’ compensation, unemployment insurance or similar Laws, (iv) restrictions on the transferability of securities arising under applicable securities Laws or the Transaction Documents; (v) liens for wages claimed by masters and seamen, claims for salvage expenses, claims for damage and masters disbursements so long as such amounts owed are not past due; (vi) liens for dock, harbor and canal charges and claims in respect of pollution damage so long as such amounts owed are not past due, (vii) other maritime liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to Dorian’s business, and (viii) Encumbrances which are imperfections of title that are typical for the applicable type of property and do not materially detract from its value or interfere with its present or ordinary use.

“ **Person** ” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“ **RBS Credit Facility** ” means the Loan Agreement dated July 29, 2013 among The Royal Bank of Scotland plc, Dorian, CMNL LPG Transport LLC, CNML LPG Transport LLC, CJNP Transport LLC, and Corsair LPG Transport LLC.

“ **Release** ” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

“ **Representative** ” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“ **Scorpio** ” has the meaning set forth in the preamble.

“ **Scorpio Disclosure Schedules** ” means the Disclosure Schedules delivered by Scorpio concurrently with the execution and delivery of this Agreement.

“ **Scorpio Indemnitees** ” has the meaning set forth in **Section 8.02** .

“ **Scorpio Material Adverse Effect** ” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of Scorpio, or (b) the ability of Scorpio to consummate the transactions contemplated hereby on a timely basis; provided, however, that the following will not be considered when determining whether a Scorpio Material Adverse Effect has occurred: (A) any general social, political or economic condition or event, the effects of which are not specific or unique to Scorpio, including stock market fluctuations, exchange rate fluctuations, acts of war or terrorism, or the consequences of the foregoing; (B) the general condition of the shipping industry, including any change in general industry conditions; (C) any change in Law; (D) any change in IFRS, GAAP or other applicable accounting rules; or (E) any change resulting from the execution of this Agreement, the Transaction Documents or the consummation of any of the transactions contemplated by this Agreement and the Transaction Documents.

“ **Scorpio Subsidiary** ” has the meaning set forth in **Section 4.02** .

“**Shareholders Agreement**” means that certain Shareholders Agreement, dated the date hereof, by and among Dorian, Scorpio, Dorian Holdings LLC and Seador Holdings LLC.

“ **Shares** ” has the meaning set forth in the recitals.

“ **Taxes** ” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

“ **Tax Return** ” means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Term Sheet**” means that certain Term Sheet, dated October 27, 2013, by and among Dorian, Scorpio, Dorian Holdings LLC and Seador Holdings LLC.

“ **Third Party Claim** ” has the meaning set forth in **Section 8.04(a)** .

“ **Transaction Documents** ” means this Agreement, the Shareholders Agreement, the Novation Agreements, the Dorian Refund Guarantees and the Dorian Corporate Guarantees.

“**VPS**” has the meaning set forth in **Section 2.03(b)(iii)** .

**ARTICLE II  
PURCHASE AND SALE**

**Section 2.01 Purchase and Sale.** Subject to the terms and conditions set forth herein, at or prior to the Closing, Scorpio shall, or shall cause one or more Scorpio Subsidiaries to, transfer the Contributed Assets, Contributed Shares and cash to Dorian or its designee in accordance with **Section 2.03**, and Dorian shall issue the Shares to Scorpio, free and clear of all Encumbrances, for the consideration specified in **Section 2.02**.

**Section 2.02 Consideration.** The aggregate consideration for the issuance of the Shares shall be paid by means of the transfer of the assets set forth on **Exhibit 2.02** (collectively, the “**Contributed Assets**”), the Contributed Shares and cash in the aggregate amount of \$1,930,000 (collectively, the “**Consideration**”).

**Section 2.03 Transactions to be Effected at the Closing.**

(a) At or prior to the Closing, Scorpio shall deliver or shall have delivered to Dorian:

- (i) the Shareholders Agreement executed by Scorpio;
- (ii) the Novation Agreements with respect to the Contributed Scorpio Newbuilding Contracts, including related documents;
- (iii) stock certificates representing the Contributed Shares duly endorsed in blank or accompanied by stock powers in blank with all appropriate transfer stamps affixed thereto;
- (iv) the stock books, stock ledgers, minute books and corporate seals of all the Contributed Scorpio Subsidiaries (the “**Corporate Books**”);
- (v) resignations dated or effective as of the Closing Date of the members of each Contributed Scorpio Subsidiary’s board of directors and of its officers;
- (vi) cash in the amount of \$1,930,000, by wire transfer of immediately available funds to the account of Dorian set forth on **Exhibit 2.03(a)**; and
- (vii) such other documents or instruments as Dorian reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) At or prior to the Closing, Dorian shall deliver or shall have delivered to Scorpio:

- (i) the Shareholders Agreement executed by Dorian, Seador Holdings LLC and Dorian Holdings LLC;
- (ii) the Dorian Corporate Guarantees;
- (iii) the Shares to Scorpio's account in Verdipapirsentralen (the Norwegian Registry of Securities ( "VPS" )) set forth on **Exhibit 2.03(b)** ;
- (iv) a good standing certificate (or its equivalent) of Dorian from the Republic of the Marshall Islands dated within one Business Day prior to the Closing Date; and
- (v) such other documents or instruments as Scorpio reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

**Section 2.04 Closing.** Subject to the terms and conditions of this Agreement, the purchase and sale of the Shares and transfer of the Consideration shall take place at a closing (the " **Closing** ") to be held at 10:00 a.m. on the date hereof, at the offices of Seward & Kissel LLP, One Battery Park Plaza, New York, New York, 10004, or at such other time or at such other place as Dorian and Scorpio may mutually agree upon in writing (the day on which the Closing takes place being the " **Closing Date** ").

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF DORIAN**

Except as set forth in the correspondingly numbered Section of the Dorian Disclosure Schedules (it being agreed that any matter disclosed in the Dorian Disclosure Schedules with respect to any Section of this Agreement shall be deemed to have been disclosed with respect to that Section and any other Section of this Article III to the extent it is reasonably apparent that it would be applicable to such other Section), Dorian represents and warrants to Scorpio that the statements contained in this **Article III** are true and correct as of the Closing Date.

**Section 3.01 Organization and Authority.** Dorian is a corporation duly organized, validly existing and in good standing under the Laws of the Republic of the Marshall Islands. Dorian has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Dorian is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Dorian, and (assuming due authorization, execution and delivery by Scorpio) this Agreement constitutes a legal, valid and binding obligation of Dorian, enforceable against Dorian in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). When each other Transaction Document to which Dorian is or will be a party has been duly executed and delivered by Dorian

(assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Dorian enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

**Section 3.02 Capitalization.**

(a) The authorized capital stock of Dorian consists of 500,000,000 shares, of which 450,000,000 are designated as common shares, par value \$0.01 (the "**Common Shares**"), of which 93,221,621 Common Shares are issued and outstanding, and 50,000,000 shares of preferred stock, par value \$0.01 per share, of which no preferred shares are issued. All of the issued and outstanding Common Shares have been duly authorized, are validly issued, fully paid and non-assessable. The Shares are duly authorized and when issued in accordance with the terms of this Agreement will be validly issued, fully paid and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Scorpio shall own all of the Shares, free and clear of all Encumbrances.

(b) All of the Common Shares were, and the Shares will be, issued in compliance with all applicable Laws. None of the Common Shares were, and the Shares will not be, issued in violation of any agreement, arrangement or commitment to which Dorian is a party or is subject to or in violation of any preemptive or similar rights of any Person.

(c) Except as set forth in **Section 3.02(c)** of the Dorian Disclosure Schedules, there are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the capital stock obligating Dorian or any of its subsidiaries to issue or sell any shares of capital stock of, or any other interest in, Dorian or such subsidiary. Dorian does not have outstanding or authorized any stock appreciation, phantom stock, profit participation or similar rights.

(d) **Section 3.02(d)** of the Dorian Disclosure Schedules sets forth the identity and number of Common Shares held of record by each other shareholder of Dorian that holds more than ten percent (10%) of the issued and outstanding Common Shares as of the date of this Agreement.

**Section 3.03 Subsidiaries.** Set forth on **Section 3.03** of the Dorian Disclosure Schedules is a list of each subsidiary or other entity in which Dorian owns or has any interest in (collectively the "**Dorian Subsidiaries**") and lists next to each Dorian Subsidiary the Vessel owned by, or the business of, each such entity.

**Section 3.04 No Conflicts; Consents.** The execution, delivery and performance by Dorian of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and

will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws or other organizational documents of Dorian or any Dorian Subsidiary; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Dorian or any Dorian Subsidiary, except for such conflicts, violations or breaches that would not result in a Dorian Material Adverse Effect; (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which Dorian or any Dorian Subsidiary is a party or by which Dorian or any Dorian Subsidiary is bound or to which any of their respective properties or assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of Dorian or any Dorian Subsidiary, except for such conflicts, violations, breaches, defaults or events that would not, individually or in the aggregate, result in a Dorian Material Adverse Effect; or (d) result in the creation or imposition of any Encumbrance on any properties or assets of Dorian or any Dorian Subsidiary, except for such Encumbrances that would not, individually or in the aggregate, result in a Dorian Material Adverse Effect. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Dorian or any Dorian Subsidiary in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

**Section 3.05 Financial Statements.** A complete copy of the summary unaudited balance sheet of Dorian as at September 30, 2013 (the “**Balance Sheet**,” and the date thereof the “**Balance Sheet Date**”) has been delivered to Scorpio. The Balance Sheet is based on Dorian’s books and records, fairly presents in all material respects the financial condition of Dorian as of the Balance Sheet Date and has been prepared in accordance with GAAP consistently applied.

**Section 3.06 Liabilities.** Except as set forth in **Section 3.06** of the Dorian Disclosure Schedules, neither Dorian or any Dorian Subsidiary has any liability, obligation or commitment of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise (“**Liabilities**”), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which, individually or in the aggregate, have not had and would not have a Dorian Material Adverse Effect.

**Section 3.07 Absence of Certain Changes, Events and Conditions.** Except as set forth in **Section 3.07** of the Dorian Disclosure Schedules, since the Balance Sheet Date, other than the entry into the Term Sheet, the Transaction Documents, the November Private Placement and any transactions contemplated therein, there has not been, with respect to Dorian or any Dorian Subsidiary, any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Dorian Material Adverse Effect;
- (b) amendment of the charter, by-laws or other organizational documents;
- (c) split, combination or reclassification of any shares of its capital stock;
- (d) issuance, sale or other disposition of any of its capital stock, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its capital stock, except in the November Private Placement;
- (e) declaration or payment of any dividends or distributions on or in respect of any of its capital stock or redemption, purchase or acquisition of its capital stock;
- (f) entry into any Contract that would constitute a Material Contract other than in the ordinary course of business;
- (g) incurrence, assumption or guarantee of any indebtedness for borrowed money;
- (h) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;
- (i) material damage, destruction or loss (constructive or actual), whether or not covered by insurance, to any material asset of Dorian or any Dorian Subsidiary;
- (j) any capital investment in, or any loan to, any other Person;
- (k) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which Dorian or any Dorian Subsidiary is a party or by which it is bound;
- (l) any capital expenditures in excess of \$500,000, excluding any expenditures relating to the acquisition, including any newbuilding contract for the construction of, any Vessel;
- (m) imposition of any Encumbrance upon any of Dorian's or any Dorian Subsidiaries' Vessels, properties, capital stock or assets, tangible or intangible;
- (n) grant of any bonuses, monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of any employee, officer, director, independent contractors or consultant;
- (o) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its stockholders, directors, officers and employees;
- (p) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state

bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(q) purchase, lease or other acquisition of the right to own, use or lease any property or asset for an amount in excess of \$500,000, individually or in the aggregate;

(r) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock of, or by any other manner, any business or any Person or any division thereof; or

(s) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

**Section 3.08 Material Contracts.**

(a) Set forth in **Section 3.08(a)** of the Disclosure Schedules is a list of each of the following Contracts of Dorian or any Dorian Subsidiary (such Contracts, together with any Contract contemplated by one or more of the Transaction Documents, the Term Sheet or the November Private Placement, the “**Material Contracts**”):

(i) Each Contract relating to the acquisition of, including any newbuilding contract for the construction of, any Vessel;

(ii) Each Contract relating to the employment, chartering or management of any Vessel;

(iii) each Contract involving aggregate consideration in excess of \$500,000 other than in the ordinary course of business;

(iv) all Contracts that provide for the indemnification by Dorian of any Person or the assumption of any Liability, including without limitation Tax, environmental or otherwise of any Person;

(v) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(vi) all material employment agreements or other Contracts with independent contractors or consultants (or similar arrangements) to which Dorian is a party;

(vii) all loan agreements (and any amendments, waivers or notices received thereunder) or other Contracts relating to indebtedness (including, without limitation, guarantees) of Dorian or any Dorian Subsidiary;

(viii) all Contracts with any Governmental Authority to which Dorian is a party;

(ix) all Contracts between or among Dorian or a Dorian Subsidiary on the one hand and any Affiliate of Dorian on the other hand; and

(x) any other Contract that is material to Dorian and not previously disclosed pursuant to this **Section 3.08** .

(b) Each Material Contract is valid and binding on Dorian in accordance with its terms and is in full force and effect. None of Dorian or, to its Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

**Section 3.09 Title to Assets.**

(a) Dorian has good and valid title to the Vessels and all property and other assets reflected in the Balance Sheet or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets are free and clear of Encumbrances.

**Section 3.10 Intellectual Property: “ Intellectual Property ”** means all intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world, including such property that is owned by Dorian and that in which Dorian holds exclusive or non-exclusive rights or interests granted by or licensed from other Persons, including that Dorian owns or has the right to use. Dorian has all Intellectual Property necessary to conduct its business as currently conducted, and to Dorian’s Knowledge: (i) Dorian’s conduct of its business as currently conducted does not infringe, violate, dilute or misappropriate the Intellectual Property of any Person; and (ii) no Person is infringing, violating, diluting or misappropriating any Intellectual Property.

**Section 3.11 Customers.**

(a) **Section 3.11(a)** of the Dorian Disclosure Schedules sets forth each time charterer of a Vessel (collectively, the “ **Material Customers** ”). Except as set forth in **Section 3.11(a)** of the Dorian Disclosure Schedules, Dorian has not received any notice, and has no reason to believe, that any of its Material Customers has ceased, or, to Dorian’s Knowledge, intends to cease after the Closing, or to terminate any Vessel charter prior to its expiration or to otherwise terminate or materially reduce its relationship with Dorian, and no Materials Customer is currently or has since January 1, 2013 been delinquent for more than thirty (30) days in the payment of any amounts owed to Dorian.

**Section 3.12 Insurance. Section 3.12** of the Dorian Disclosure Schedules sets forth a true and complete list of all current insurances (including without limitations

coverage under any Protection & Indemnity clubs) relating to the assets, business, operations, employees, officers and directors of Dorian (collectively, the “**Insurance Policies**”). Such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. Neither Dorian nor any of its Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. Except as set forth in the Dorian Disclosure Schedules, there are no claims related to the business of Dorian pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. None of Dorian or any of its Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to Dorian and are sufficient for compliance with all applicable Laws and Contracts to which Dorian is a party or by which it is bound.

**Section 3.13 Legal Proceedings; Governmental Orders.** There are no actions, suits, claims, investigations or other legal proceedings pending or, to Dorian’s Knowledge, threatened against or by Dorian relating to or affecting Dorian’s business or the Vessels, other assets or Dorian’s capital stock which if determined adversely to Dorian, would result in a Dorian Material Adverse Effect. There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting Dorian’s business, the Vessels, other assets or Dorian’s capital stock which would have a Dorian Material Adverse Effect.

**Section 3.14 Compliance With Laws; Permits.**

(a) Dorian and each Dorian Subsidiary is in compliance, and is now complying, in all material respects with all Laws applicable to it or its business, properties or assets, including the Vessels.

(b) All material Permits, licenses, certificates, authorizations required for Dorian and the Dorian Subsidiaries to conduct its and their business have been obtained and are valid and in full force and effect. To Dorian’s Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit, license, certificate or authorization, which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Dorian Material Adverse Effect.

**Section 3.15 Environmental Matters.**

(a) Dorian and each Dorian Subsidiary is currently and has been in compliance in all material respects with all Environmental Laws and has not, and neither Dorian nor any Dorian Subsidiary has received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Dorian has obtained and is in compliance in all material respects with all Environmental Permits necessary for the ownership, charter, operation or use of each Vessel or other assets of Dorian and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect through the Closing Date in accordance with Environmental Law, and, to Dorian's Knowledge, Dorian is not aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, charter, operation or use of any Vessel or other assets of Dorian as currently carried out.

(c) Dorian has previously delivered to Scorpio or made available to Scorpio any and all material environmental reports, studies, audits, records, sampling data, site assessments and other similar documents with respect to its business, the vessels or any other property in the possession or control of Dorian or a Dorian Subsidiary.

**Section 3.16 Employment Matters.**

(a) Set forth in **Section 3.16(a)** of the Dorian Disclosure Schedules is a list of all persons who are material employees, officers, independent contractors or consultants of Dorian as of the date hereof, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) current annual base compensation rate any bonus paid with respect to 2012; and Dorian does not expect such payments to be materially greater with respect to 2013.

(b) Dorian is and has been in compliance in all material respects with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance.

**Section 3.17 Taxes.**

(a) All Tax Returns required to be filed on or before the Closing Date by Dorian or any Dorian Subsidiary have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by Dorian (whether or not shown on any Tax Return) have been, or will be, timely paid, and no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Dorian.

(b) Dorian has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No claim has been made by any taxing authority in any jurisdiction where Dorian does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(d) Dorian is not a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(e) Dorian has made available to Scorpio copies of all federal, state, local and foreign income, franchise and similar Tax Returns, examination reports, and statements of deficiencies assessed against, or agreed to by, Dorian for all Tax periods.

(f) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of Dorian.

**Section 3.18 Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Dorian.

**Section 3.19 No Registration Rights to the Shares.** Except as set forth in the Transaction Documents, there are no contracts, agreements or understandings between Dorian and any person granting such person the right to require Dorian to file a registration statement under the Securities Act with respect to securities of Dorian.

**Section 3.20 Investment Act of 1940.** Dorian is not, and after giving effect to the sale of the Shares will not be, required to register as an "investment company" as such term is defined in the Investment Act of 1940, as amended.

**Section 3.21 Anti-Bribery.** Neither Dorian nor any Dorian Subsidiary, nor to Dorian's Knowledge any of their affiliates, directors, officers, or employees, any of their agents or representatives, has taken any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and Dorian and its subsidiaries, and to Dorian's Knowledge, its affiliates have conducted their businesses in compliance in all material respects with applicable anti-corruption Laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such Laws and with the representation and warranty contained herein.

**Section 3.22 Sanctions.** (i) Neither Dorian nor any Dorian Subsidiary, nor to Dorian's Knowledge, any of their respective directors, officers, employees, agents, affiliate or representative, is a Person that is, or is owned or controlled by a Person that is:

(i) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the United Nations Security Council ("UNSC"), the European Union ("EU"), Her Majesty's Treasury ("HMT"), or other relevant sanctions authority (collectively, "Sanctions"), nor

(ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, Libya, North Korea, Sudan and Syria).

(b) Dorian represents and covenants that it will not, directly or indirectly, use the Contributed Assets, Contributed Shares or other Consideration received in this transaction or lend or otherwise make available such Consideration to any subsidiary, joint venture partner or other Person:

(i) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(ii) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

**Section 3.23 No Restrictions on Dividends .** Other than restrictions contained in the RBS Credit Facility, no Dorian Subsidiary is currently prohibited, directly or indirectly, from paying any dividends to Dorian, from making any other distribution on such Subsidiary's capital stock, from repaying to Dorian any loans or advances to such subsidiary from Dorian or from transferring any of such subsidiary's property or assets to Dorian or any other subsidiary of Dorian.

**Section 3.24 Ownership of Vessels.** All of the Vessels set forth in **Section 3.25** of the Dorian Disclosure Schedules are owned directly by subsidiaries of Dorian and each such Vessel has been duly registered in the name of the relevant entity that owns it under the Laws and regulations and the flag of the nation of its registration, as set forth in Section 3.25 of the Dorian Disclosure Schedules free and clear of all Encumbrances other than security liens subject to the RBS Credit Facility

**Section 3.25 Full Disclosure.** To Dorian's Knowledge, no representation or warranty by Dorian in this Agreement and no statement contained in the Dorian Disclosure Schedules to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

**Section 3.26 NO OTHER REPRESENTATIONS OR WARRANTIES .** OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS ARTICLE III, DORIAN MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, RELATING TO DORIAN, THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY OTHER MATTERS INCLUDING ANY REPRESENTATION OR WARRANTY AS TO FINANCIAL PROJECTIONS, AND ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY DISCLAIMED.

**ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF SCORPIO**

Except as set forth in the correspondingly numbered Section of the Scorpio Disclosure Schedules, Scorpio, on behalf of itself and each Scorpio Subsidiary, represents and warrants to Dorian that the statements contained in this **Article IV** are true and correct as of the Closing Date.

**Section 4.01 Organization and Authority.** Each of Scorpio and the Scorpio Subsidiaries is a corporation duly organized, validly existing and in good standing under the Laws of the Marshall Islands. Each of Scorpio and the Scorpio Subsidiaries has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which each is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Scorpio or the Scorpio Subsidiaries, as the case may be, of this Agreement and any other Transaction Document to which each is a party, the performance by Scorpio and the Scorpio Subsidiaries of their obligations hereunder and thereunder and the consummation by Scorpio and the Scorpio Subsidiaries of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Scorpio and the Scorpio Subsidiaries. This Agreement has been duly executed and delivered by Scorpio, and (assuming due authorization, execution and delivery by Dorian) this Agreement constitutes a legal, valid and binding obligation of Scorpio enforceable against Scorpio in accordance with its terms. When each other Transaction Document to which Scorpio or the Scorpio Subsidiaries is or will be a party has been duly executed and delivered by Scorpio (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Scorpio or the Scorpio Subsidiaries enforceable against it in accordance with its terms.

**Section 4.02 Contributed Scorpio Subsidiaries.**

(a) Set forth on **Section 4.02(a)** of the Scorpio Disclosure Schedules is a list of each Subsidiary of Scorpio which owns the Contributed Assets and of the Contributed Scorpio Subsidiaries (collectively, the “**Scorpio Subsidiaries**”) and lists next to each Scorpio Subsidiary the vessel owned by, or the business of, each such entity.

(b) Scorpio has heretofore delivered to Dorian complete and correct copies of the Constitutional Documents as currently in effect. The Corporate Records are accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable Laws and in compliance with the Constitutional Documents. None of the Contributed Scorpio Subsidiaries is in default under or in violation of its Constitutional Documents.

(c) The Contributed Shares constitute all of the issued and outstanding shares of capital stock of each Contributed Scorpio Subsidiary, all such shares are duly authorized, validly issued, fully paid and non-assessable and are owned legally and

beneficially by Scorpio. Other than this Agreement, there is no subscription, option, warrant, preemptive right, call right or other right, agreement or commitment of any nature relating to the voting, issuance, sale, delivery or transfer (including any right of conversion or exchange under any outstanding security or other instruments) relating to the Contributed Shares or any other capital or voting interests of any Contributed Scorpio Subsidiary, whether issued or unissued and there is no obligation on the part of Scorpio or any Contributed Scorpio Subsidiary to grant, extend or enter into any of the foregoing. There are no outstanding contractual obligations of any Contributed Scorpio Subsidiary to repurchase, redeem or otherwise acquire any outstanding shares of capital stock of such Contributed Scorpio Subsidiary.

(d) Scorpio owns and holds the Contributed Shares free and clear of all Encumbrances. No Person, other than Dorian, holds, or has any agreement, option, right or privilege capable of becoming an agreement for the purchase from Scorpio of, any of the Contributed Shares. At the Closing, Scorpio will transfer, assign and transmit good and marketable title to and deliver the Contributed Shares to Dorian, free and clear of all Encumbrances.

(e) None of the Contributed Scorpio Subsidiaries has equity or similar investments (or commitments to make any such investments), directly or indirectly, in or with any Person.

(f) Other than the Scorpio Newbuilding Contracts, no Contributed Scorpio Subsidiary is a party to any Contract or has authorized, agreed or entered into any Contract.

(g) Except as set forth in **Section 4.02(g)** of the Scorpio Disclosure Schedules, no Contributed Scorpio Subsidiary has any Liabilities.

(h) No Tax Returns are, or have ever been, required to be filed by, or with respect to, any Contributed Scorpio Subsidiary. No Contributed Scorpio Subsidiary has or will have any Tax liability for any time at or prior to the Closing.

(i) Except as set forth in **Section 4.02(i)** of the Scorpio Disclosure Schedules, no power of attorney or similar authorization given by any Contributed Scorpio Subsidiary presently is in effect or outstanding. No Contributed Scorpio Subsidiary is subject to any Law or Order or requirement of any Governmental Entity which is not of general application to Persons carrying on a business similar to such Contributed Scorpio Subsidiary's business.

(j) **Section 4.02(j)** of the Scorpio Disclosure Schedules sets forth a complete and accurate list of all bank accounts, savings deposits, money-market accounts, certificates of deposit, safety deposit boxes, and similar investment accounts with banks

or other financial institutions maintained by or on behalf of the Contributed Scorpio Subsidiaries showing the depository bank or institution address, appropriate bank contact personnel, account number and names of signatories.

**Section 4.03 No Conflicts; Consents.** The execution, delivery and performance by Scorpio of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws or other organizational documents of Scorpio or any Scorpio Subsidiary; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Scorpio or any Scorpio Subsidiary, except for such conflicts, violations or breaches that would not result in a Material Adverse Effect; (c) except as set forth in **Section 4.03** of the Scorpio Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which Scorpio or any Scorpio Subsidiary is a party or by which Scorpio or any Scorpio Subsidiary is bound or to which any of their respective properties or assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of Scorpio or any Scorpio Subsidiary, except for such conflicts, violations, breaches, defaults or events that would not, individually or in the aggregate, result in a Scorpio Material Adverse Effect; or (d) result in the creation or imposition of any Encumbrance on any properties or assets of Scorpio or any Scorpio Subsidiary, except for such Encumbrances that would not, individually or in the aggregate, result in a Scorpio Material Adverse Effect. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Scorpio or any Scorpio Subsidiary in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

**Section 4.04 Scorpio LGC Contracts.**

(a) Set forth in **Section 4.04(a)** of the Scorpio Disclosure Schedules is a list of each of the following Contracts of Scorpio or Scorpio subsidiaries (collectively, the “**Scorpio LGC Contracts**”):

- (i) each Contract relating to the acquisition, including any newbuilding contract for the construction of, any VLGC or LGC vessel, including all related specifications, change orders, addenda or other agreements;
- (ii) each Contract relating to options for any newbuilding contract for the construction of any VLGC or LGC vessel;
- (iii) each corporate guarantee in connection with any newbuilding contract for the construction of any VLGC or LGC vessel;

- (iv) each refund guarantee or letter of credit granted to Scorpio or any Scorpio Subsidiary in connection with any newbuilding contract for the construction of any VLGC or LGC vessel;
- (v) each Contract relating to supervision of the construction of any VLGC or LGC vessel;
- (vi) each Contract relating to financing of any VLGC or LGC vessel;
- (vii) each Contract relating to the employment, chartering or management of any VLGC or LGC vessel;
- (viii) each Contract relating to nominations, assignments or novations of any newbuilding contract for the construction of any VLGC or LGC vessel; and
- (ix) any other Contract relating to any VLGC or LGC vessel.

(b) Each Scorpio LGC Contract is valid and binding on Scorpio or a Scorpio Subsidiary in accordance with its terms and is in full force and effect. None of Scorpio or a Scorpio Subsidiary, or to Scorpio's knowledge any other party thereto, is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any Scorpio LGC Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Scorpio LGC Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

(c) Scorpio has made available to Dorian true and complete copies of each Scorpio LGC Contract, including all specifications, plans, drawings, manuals, change orders, addenda, amendments and waivers thereof, and any related materials, including correspondence with HHI and DSME.

(d) **Section 4.04(d)** of the Scorpio Disclosure Schedules sets forth all of the amounts paid by Scorpio, Scorpio Subsidiaries and/or any of their Affiliates as of the date hereof to shipyards pursuant to the Scorpio LGC Contracts as of October 31, 2013, and there are no amounts currently due or payable under such Scorpio LGC Contracts.

**Section 4.05 Investment Purpose.** Scorpio is acquiring the Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Scorpio acknowledges that the Shares are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Shares may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

**Section 4.06 Brokers.** Except for Perella Weinberg or Scorpio Services Holding Ltd., with respect to each of which Scorpio shall pay all fees and commissions, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or

commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Scorpio. No Scorpio Subsidiary is or will be liable for any brokerage fees, finder's fees, commissions or other amounts payable to Perella Weinberg or Scorpio Services Holdings Ltd.

**Section 4.07 Sufficiency of Funds.** Scorpio has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the cash portion of the Consideration and consummate the transactions contemplated by this Agreement.

**Section 4.08 Legal Proceedings.** There are no Actions pending or, to Scorpio's knowledge, threatened against Scorpio or any Scorpio Subsidiaries that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or adversely affecting the Contributed Assets or Contributed Shares. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

**Section 4.09 NO OTHER REPRESENTATIONS OR WARRANTIES .** OTHER THAN THE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN THIS ARTICLE IV, SCORPIO MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, RELATING TO DORIAN, THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY OTHER MATTERS INCLUDING ANY REPRESENTATION OR WARRANTY AS TO FINANCIAL PROJECTIONS, AND ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY DISCLAIMED.

## **ARTICLE V COVENANTS**

**Section 5.01 Public Announcements.** Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no party to this Agreement shall make any further public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

**Section 5.02 Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement. Dorian and Scorpio acknowledge that, as of the date of this Agreement, they are in the process of novating the DSME Shipbuilding Contracts from the Contributed Scorpio Subsidiaries to certain Dorian Subsidiaries. In furtherance of the foregoing, Scorpio agrees that it will continue to use its commercially reasonable best efforts to, as promptly as practicable following the

Closing and without further consideration, effect the novation of the DSME Shipbuilding Contracts.

**ARTICLE VI**  
**[ RESERVED ]**

**ARTICLE VII**  
**[ RESERVED ]**

**ARTICLE VIII**  
**INDEMNIFICATION**

**Section 8.01 Survival.** Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; provided, that the representations and warranties in **Section 3.01** , **Section 3.02** , **Section 3.09**, **Section 3.15**, **Section 3.17**, **Section 3.18** , **Section 4.01**, **Section 4.02**, **Section 4.03**, **Section 4.04** **Section 4.05**, and **Section 4.06** (the “ **Fundamental Representations** ”) shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days. All covenants and agreements of the parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

**Section 8.02 Indemnification By Dorian.** Subject to the other terms and conditions of this **Article VIII** , Dorian shall indemnify and defend each of Scorpio and its Affiliates and their respective Representatives (collectively, the “ **Scorpio Indemnitees** ”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Scorpio Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Dorian contained in this Agreement or in any certificate or instrument delivered by or on behalf of Dorian pursuant to this Agreement (in each case determined without regard to any qualifications therein referencing “materiality”, “Material Adverse Effect” or other words of similar import or effect) as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Dorian pursuant to this Agreement or in any Transaction Document.

**Section 8.03 Indemnification By Scorpio.** Subject to the other terms and conditions of this **Article VIII**, Scorpio shall indemnify and defend each of Dorian and its Affiliates and their respective Representatives (collectively, the “**Dorian Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Dorian Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Scorpio contained in this Agreement or in any certificate or instrument delivered by or on behalf of Scorpio pursuant to this Agreement (in each case determined without regard to any qualifications therein referencing “materiality”, “Material Adverse Effect” or other words of similar import or effect), as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Scorpio pursuant to this Agreement or in any Transaction Document.

**Section 8.04 Indemnification Procedures.** The party making a claim under this **Article VIII** is referred to as the “**Indemnified Party**”, and the party against whom such claims are asserted under this **Article VIII** is referred to as the “**Indemnifying Party**”.

(a) **Third Party Claims.** If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “**Third Party Claim**”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided, that* if the Indemnifying Party is Dorian, such Indemnifying Party shall not have the right to defend or direct the defense of any such

Third Party Claim that seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to **Section 8.04(b)**, it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided, that* if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to **Section 8.04(b)**, pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Dorian and Scorpio shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) **Settlement of Third Party Claims.** Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this **Section 8.04(b)**. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to **Section 8.04(a)**, it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) **Direct Claims.** Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the the Indemnified Party’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request.

**Section 8.05 Payments.** Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this **Article VIII** , the Indemnifying Party shall satisfy its obligations within 15 Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such 15 Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to and including the date such payment has been made at a rate per annum equal to 3.25%. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed, without compounding.

**Section 8.06 Limitation on Indemnification.**

(a) No Indemnified Party shall be entitled to indemnification pursuant to **Section 8.02** or **Section 8.03** until the aggregate amount of Losses suffered by such Indemnified Party hereunder exceeds \$1,000,000 (the “Deductible”), after which Indemnified Party shall be indemnified for the entire amount of Losses in excess of the Deductible up to the amount of the Cap (as defined below). The aggregate amount of Losses for which any Indemnified Party shall be entitled to indemnification pursuant to **Section 8.02** or **Section 8.03** shall be \$10,000,000 (the “Cap”). Notwithstanding anything to the contrary contained herein, neither the Deductible nor the Cap shall apply to claims made with respect to any Fundamental Representation.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the parties shall take commercially reasonable steps (to the extent then available or possible) to mitigate all Losses (including by pursuing available insurance and third party claims) upon and after becoming aware of any event that could reasonably be expected to give

rise to such Losses (provided that the costs of such mitigation shall be indemnifiable Losses hereunder).

**Section 8.07 Losses Net of Insurance; Damages; Mitigation.** The amount of any Loss for which indemnification is provided under **Section 8.2** or **Section 8.3** shall be net of (a) any insurance proceeds (net of any costs of investigation of the underlying claim and of collection) received as an offset against such Loss (each such source of recovery, a “**Collateral Source**”) and (b) an amount equal to the present value of the tax benefit, if any, attributable to such Loss. Notwithstanding anything to the contrary contained in **Section 8.2** or **Section 8.3**, no indemnification shall be provided under the Agreement with respect to any Losses that are incidental damages, consequential damages, special damages, damages arising out of business interruption or lost profits, damages arising through the application of any multiplier to any Losses or punitive damages; provided that Losses of any Indemnified Party will include any of such Losses to the extent that they are actually adjudicated as due and actually paid by such Indemnified Party to a third party in connection with an indemnified third party claim.

**Section 8.08 Effect of Investigation.** The right to indemnification or other remedy based on the representations, warranties, covenants and agreements contained herein will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or agreement.

**Section 8.09 Exclusive Remedies.** The parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this **Article VIII**. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this **Article VIII**. Nothing in this **Section 8.09** shall limit any Person’s right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party’s fraudulent, criminal or intentional misconduct.

**ARTICLE IX  
[RESERVED]**

**ARTICLE X  
MISCELLANEOUS**

**Section 10.01 Expenses.** Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

**Section 10.02 Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 10.02** ):

If to Dorian:

c/o Dorian LPG (USA) LLC  
27 Signal Road  
Stamford, CT 06878  
Tel: (203) 978-1234  
Fax: (203) 359-8159  
Email: john.hadjipateras@dorianlpg.com  
Attention: President

with a copy (which shall not constitute notice) to:

Seward & Kissel LLP  
Attention: Gary J. Wolfe, Esq.  
One Battery Park Plaza  
New York, NY 10004  
Facsimile: (212) 480-8421  
E-mail: wolfe@sewkis.com

If to Scorpio:

Scorpio Tankers Inc.  
9 Boulevard Charles III  
Monaco, 98000  
Facsimile: +377-97-77-83-46  
E-mail: legal@scorpiogroup.net

Attention: General Counsel

with a copy (which shall not constitute notice) to:

Seward & Kissel LLP  
Attention: Edward S. Horton, Esq.  
One Battery Park Plaza  
New York, NY 10004  
Facsimile: (212) 480-8421  
E-mail: horton@sewkis.com

**Section 10.03 Interpretation.** For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

**Section 10.04 Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

**Section 10.05 Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

**Section 10.06 Entire Agreement.** This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body

of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

**Section 10.07 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

**Section 10.08 No Third-party Beneficiaries.** Except as provided in **Article VIII**, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 10.09 Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

**Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.**

(a) This Agreement shall be governed by and construed in accordance with the Laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE BROUGHT IN THE FEDERAL COURTS OF THE UNITED STATES LOCATED IN THE CITY AND COUNTY OF NEW YORK, BOROUGH OF MANHATTAN, UNLESS ANY SUCH FEDERAL COURT DETERMINES THAT IT LACKS JURISDICTION, IN WHICH CASE SUCH PROCEEDING SHALL BE INSTITUTED IN THE COURTS OF THE STATE OF NEW YORK, IN EACH CASE LOCATED IN THE CITY AND COUNTY OF NEW YORK, BOROUGH OF MANHATTAN. AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION

OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10(c).

**Section 10.11 Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

**Section 10.12 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

DORIAN LPG LTD.

By: /s/ Alexander Ciaputa  
Name: Alexander Ciaputa  
Title: Secretary

SCORPIO TANKERS INC.

By: /s/ Brian M. Lee  
Name: Brian M. Lee  
Title: Chief Financial Officer

**Exhibit 2.02**

**Contributed Assets**

**A. Dorian Shanghai LPG Transport LLC (Hyundai Hull S749)**

Shipbuilding Contract, dated July 22, 2013, between Hyundai Samho Heavy Industries Co., Ltd. (“Hyundai”) and STI Shanghai Shipping Company Limited (then known as STI Foch Shipping Company Limited) in respect of Hyundai Hull S749

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Shanghai Shipping Company Limited.

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**B. Dorian Houston LPG Transport LLC (Hyundai Hull S750)**

Shipbuilding Contract, dated July 22, 2013, between Hyundai and STI Houston Shipping Company Limited (then known as STI Kensington Shipping Company Limited) in respect of in respect of Hull S750

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Houston Shipping Company Limited.

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**C. Dorian Amsterdam LPG Transport LLC (Hyundai Hull S751)**

Shipbuilding Contract, dated July 22, 2013, between Hyundai and STI Amsterdam Shipping Company Limited (then known as STI Marylebone Shipping Company Limited) in respect of in respect of Hull S751

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Amsterdam Shipping Company Limited.

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**D. Dorian Barcelona LPG Transport LLC (Hyundai Hull S752)**

Shipbuilding Contract, dated July 22, 2013, between Hyundai and STI Barcelona Shipping Company Limited (then known as STI Montaigne Shipping Company Limited) in respect of in respect of Hull S752

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Amsterdam Shipping Company Limited.

Letter of Guarantee issued by Hana Bank and amendment (including original

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LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**E. Dorian Sao Paulo LPG Transport LLC (Hyundai Hull S753)**

Shipbuilding Contract, dated October 18, 2013, between Hyundai and STI Sao Paulo Shipping Company Limited in respect of Hull S753

(a) Addendum No. 1 dated October 18, 2013

(b) Amendment Agreement No. 1, dated October 31, 2013

Letter of Guarantee issued by Korea Exchange Bank and amendment

Performance Guarantee, dated October 18, 2013, issued by Scorpio Tankers Inc

**F. Dorian Cape Town LPG Transport LLC (Hyundai Hull S754)**

Shipbuilding Contract, dated October 18, 2013, between Hyundai and STI Cape Town Shipping Company Limited in respect of Hull S754

(a) Addendum No. 1 dated October 18, 2013

(b) Amendment Agreement No. 1, dated October 31, 2013

Letter of Guarantee issued by Korea Exchange Bank

Performance Guarantee, dated October 18, 2013, issued by Scorpio Tankers Inc

**G. Dorian Ulsan LPG Transport LLC (Hyundai Hull S755)**

Shipbuilding Contract, dated July 25, 2013, between Hyundai and STI Ulsan Shipping Company Limited in respect of Hull S755

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 25, 2013, issued by Scorpio Tankers Inc

**H. Dorian Monaco LPG Transport LLC (Hyundai Hull S756)**

Shipbuilding Contract, dated July 25, 2013, between Hyundai and STI Monaco Shipping Company Limited in respect of Hull S756

Letter of Guarantee issued by Hana Bank and amendment (including original LG)

Performance Guarantee, dated July 25, 2013, issued by Scorpio Tankers Inc

**I. Option Agreements**

Option Agreement Extension Letter from Hyundai Samho Heavy Industries Co., Ltd. to Scorpio Tankers Inc., dated November 6, 2013.

Option Agreement, dated July 22, 2013, between Scorpio Tankers Inc. and Hyundai for two 84,000 CBM Class LPG Carriers.



**Exhibit 2.03(a)**

**Dorian Wire Instructions**

THE ROYAL BANK OF SCOTLAND PLC.  
3RD FLOOR  
ALDGATE UNION  
10 WHITECHAPPEL HIGH STREET  
LONDON E18 DX  
UNITED KINGDOM  
SWIFT: RBOSGB2LXXX

FOR CREDIT TO:  
DORIAN LPG LTD  
ACCOUNT NO: DORILPG-USDC  
IBAN GB42RBOS16630000671669

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**Exhibit 2.03(b)**

**Scorpio VPS Account**

11400.0083674

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## SCORPIO DISCLOSURE SCHEDULES

Reference is made to that certain Purchase Agreement (the “Agreement”) dated as of November 26, 2013, by and between Dorian LPG Ltd., a Marshall Islands corporation (“Dorian”), and Scorpio Tankers Inc., a Marshall Islands corporation (the “Company”). Terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the Agreement.

Each Schedule corresponds to a specific section or subsection of the Agreement. The disclosure in any section or subsection of the Schedules qualifies other sections or subsections in the Agreement for which the relevance or applicability of such disclosure is reasonably apparent on the face of such disclosure. Except to the extent expressly stated in the Agreement or the Schedules, the disclosure of any information in the Schedules shall not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made by the Company in the Agreement or that such information is material or outside of the ordinary course of business, nor shall such information be deemed to establish a standard of materiality, nor shall it be deemed an admission of any liability of, or concession as to any defense available to, the Stockholders or the Company. References in the Schedules to dollar amount thresholds will not be deemed to be evidence of materiality or of a material adverse effect.

The information contained in the Schedules is also subject to the following general qualifications:

- (i) any section or subsection of the Schedules relating to one section or subsection of the Agreement may cross-reference matter (s) disclosed in a section or subsection of the Schedules relating to any other section or subsection of the Agreement;
  - (ii) headings have been inserted on the sections or subsections of the Schedules for convenience of reference only and shall to no extent have the effect of amending or changing the express description of the corresponding section or subsection set forth in the Agreement;
  - (iii) nothing contained in the Schedules shall be deemed to expand or constrict the scope of any representation or warranty set forth in the Agreement; and
  - (iv) the contents of all annexes attached to the Schedules are incorporated by reference in the Schedules as though fully set forth in the Schedules.
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**Schedule 4.02**  
**Scorpio Subsidiaries**

<b>Subsidiary</b>	<b>Vessel or Business</b>
STI Shanghai Shipping Company Limited	NB Hull No. S749
STI Houston Shipping Company Limited	NB Hull No. S750
STI Amsterdam Shipping Company Limited	NB Hull No. S751
STI Barcelona Shipping Company Limited	NB Hull No. S752
STI Ulsan Shipping Company Limited	NB Hull No. S755
STI Monaco Shipping Company Limited	NB Hull No. S756
STI Dubai LPG Shipping Company Limited	NB Hull No. H2336
STI Geneva Shipping Company Limited	NB Hull No. H2337
STI Tokyo Shipping Company Limited	NB Hull No. H2338
STI Sao Paulo Shipping Company Limited	NB Hull No. S753
STI Cape Town Shipping Company Limited	NB Hull No. S754

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**Schedule 4.02(g)**  
**Liabilities**

**Dorian Dubai LPG Transport LLC (DSME Hull 2336)**

Shipbuilding Contract, dated August 1, 2013, between Daewoo Shipbuilding & Marine Engineering Co., Ltd. (“DSME”) and STI Dubai Shipping Company Limited in respect of Hull 2336

- (a) Separate Agreement dated August 1, 2013; and
- (b) Addendum No. 1 to Shipbuilding Agreement dated November 11, 2013.

Irrevocable Standby Letter of Credit issued by Hana Bank

Corporate Guarantee issued by Scorpio Tankers Inc.

**Dorian Geneva LPG Transport LLC (DSME Hull 2337)**

Shipbuilding Contract, dated August 1, 2013, between DSME and STI Geneva Shipping Company Limited in respect of Hull 2337

- (a) Separate Agreement dated August 1, 2013; and
- (b) Addendum No. 1 to Shipbuilding Agreement dated November 11, 2013.

Irrevocable Standby Letter of Credit issued by Hana Bank

Corporate Guarantee issued by Scorpio Tankers Inc.

**Dorian Tokyo LPG Transport LLC (DSME Hull 2338)**

Shipbuilding Contract, dated August 1, 2013, between DSME and STI Tokyo Shipping Company Limited in respect of Hull 2338

- (a) Separate Agreement dated August 1, 2013; and
- (b) Addendum No. 1 to Shipbuilding Agreement dated November 11, 2013.

Irrevocable Standby Letter of Credit issued by Hana Bank

Corporate Guarantee issued by Scorpio Tankers Inc.

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**Schedule 4.02(i)**  
**Powers of Attorney**

Emanuele Lauro  
Luca Forgione  
Cameron Mackey

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**Schedule 4.02(j)**  
**Bank Accounts**

Bank [Intentionally omitted]  
Account Name STI Dubai Shipping Company Limited  
Account Number [Intentionally omitted]

Bank [Intentionally omitted]  
Account Name STI Geneva Shipping Company Limited  
Account Number [Intentionally omitted]

Bank [Intentionally omitted]  
Account Name STI Tokyo Shipping Company Limited  
Account Number [Intentionally omitted]

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**Schedule 4.03(c)**  
**Conflicts; Consents**

**None**

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**Schedule 4.04(a)**  
**Scorpio LGC Contracts**

**A.      **Dorian Shanghai LPG Transport LLC (Hyundai Hull 5749)****

Shipbuilding Contract, dated July 22, 2013, between Hyundai Samho Heavy Industries Co., Ltd. (“Hyundai”) and STI Shanghai Shipping Company Limited (then known as STI Foch Shipping Company Limited) in respect of Hyundai Hull S749

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Shanghai Shipping Company Limited.

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**B.      **Dorian Houston LPG Transport LLC (Hyundai Hull 5750)****

Shipbuilding Contract, dated July 22, 2013, between Hyundai and STI Houston Shipping Company Limited (then known as STI Kensington Shipping Company Limited) in respect of in respect of Hull S750

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Houston Shipping Company Limited.

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**C.      **Dorian Amsterdam LPG Transport LLC (Hyundai Hull S751)****

Shipbuilding Contract, dated July 22, 2013, between Hyundai and STI Amsterdam Shipping Company Limited (then known as STI Marylebone Shipping Company Limited) in respect of in respect of Hull S751

- (a) Amendment Agreement No. 1, dated September 3,
-

2013, reflecting change in buyers name to STI Amsterdam Shipping Company Limited.

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**D. Dorian Barcelona LPG Transport LLC (Hyundai Hull 5752)**

Shipbuilding Contract, dated July 22, 2013, between Hyundai and STI Barcelona Shipping Company Limited (then known as STI Montaigne Shipping Company Limited) in respect of in respect of Hull S752

- (a) Amendment Agreement No. 1, dated September 3, 2013, reflecting change in buyers name to STI Amsterdam Shipping Company Limited.

Letter of Guarantee issued by Hana Bank and amendment (including original LG)

Performance Guarantee, dated July 22, 2013, issued by Scorpio Tankers Inc

**E. Dorian Sao Paulo LPG Transport LLC (Hyundai Hull 5753)**

Shipbuilding Contract, dated October 18, 2013, between Hyundai and STI Sao Paulo Shipping Company Limited in respect of Hull S753

- (a) Addendum No. 1 dated October 18, 2013

Letter of Guarantee issued by Korea Exchange Bank and amendment

Performance Guarantee, dated October 18, 2013, issued by Scorpio Tankers Inc

**F. Dorian Cape Town LPG Transport LLC (Hyundai Hull S754)**

Shipbuilding Contract, dated October 18, 2013, between

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Hyundai and STI Cape Town Shipping Company Limited in respect of Hull S754

(a) Addendum No. 1 dated October 18, 2013

Letter of Guarantee issued by Korea Exchange Bank

Performance Guarantee, dated October 18, 2013, issued by Scorpio Tankers Inc

**G. Dorian Ulsan LPG Transport LLC (Hyundai Hull 5755)**

Shipbuilding Contract, dated July 25, 2013, between Hyundai and STI Ulsan Shipping Company Limited in respect of Hull S755

Letter of Guarantee issued by Hana Bank (including original LG)

Performance Guarantee, dated July 25, 2013, issued by Scorpio Tankers Inc

**H. Dorian Monaco LPG Transport LLC (Hyundai Hull 5756)**

Shipbuilding Contract, dated July 25, 2013, between Hyundai and STI Monaco Shipping Company Limited in respect of Hull S756

Letter of Guarantee issued by Hana Bank and amendment (including original LG)

Performance Guarantee, dated July 25, 2013, issued by Scorpio Tankers Inc

**I. Dorian Dubai LPG Transport LLC (DSME Hull 2336)**

Shipbuilding Contract, dated August 1, 2013, between Daewoo Shipbuilding & Marine Engineering Co., Ltd. ("DSME") and STI Dubai Shipping Company Limited in respect of Hull 2336

(a) Separate Agreement dated August 1, 2013; and

(b) Addendum No. 1 to Shipbuilding Agreement dated November 11, 2013.

Irrevocable Standby Letter of Credit issued by Hana Bank

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Corporate Guarantee issued by Scorpio Tankers Inc.

**J. Dorian Geneva LPG Transport LLC (DSME Hull 2337)**

Shipbuilding Contract, dated August 1, 2013, between DSME and STI Geneva Shipping Company Limited in respect of Hull 2337

- (a) Separate Agreement dated August 1, 2013; and
- (b) Addendum No. 1 to Shipbuilding Agreement dated November 11, 2013.

Irrevocable Standby Letter of Credit issued by Hana Bank

Corporate Guarantee issued by Scorpio Tankers Inc.

**K. Dorian Tokyo LPG Transport LLC (DSME Hull 2338)**

Shipbuilding Contract, dated August 1, 2013, between DSME and STI Tokyo Shipping Company Limited in respect of Hull 2338

- (a) Separate Agreement dated August 1, 2013; and
- (b) Addendum No. 1 to Shipbuilding Agreement dated November 11, 2013.

Irrevocable Standby Letter of Credit issued by Hana Bank

Corporate Guarantee issued by Scorpio Tankers Inc.

**L. Option Agreements**

Option Agreement Extension Letter from Hyundai Samho Heavy Industries Co., Ltd. to Scorpio Tankers Inc., dated November 6, 2013.

Option Agreement, dated July 22, 2013, between Scorpio Tankers Inc. and Hyundai for two 84,000 CBM Class LPG Carriers.

Option Agreement, dated July 25, 2013, between Scorpio Tankers Inc. and Hyundai for two 84,000 CBM Class LPG Carriers.

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**Schedule 4.04(d)**  
**Amounts Paid**

	<u>Hull</u>	<u>Shipyard</u>	<u>(\$)</u> <u>Amount</u>	<u>Payment Date</u>
1	Hull S749	HHI	\$ 7,500,000	July 29, 2013
2	Hull S750	HHI	\$ 7,500,000	July 29, 2013
3	Hull S751	HHI	\$ 7,500,000	July 29, 2013
4	Hull S752	HHI	\$ 3,750,000	July 29, 2013
5	Hull S755	HHI	\$ 7,500,000	August 7, 2013
6	Hull S756	HHI	\$ 3,750,000	August 7, 2013
7	Hull 2336	Daewoo	\$ 3,845,000	August 13, 2013
8	Hull 2337	Daewoo	\$ 3,845,000	August 13, 2013
9	Hull 2338	Daewoo	\$ 3,845,000	August 13, 2013
10	Hull S752	HHI	\$ 3,750,000	October 21, 2013
11	Hull S756	HHI	\$ 3,750,000	October 24, 2013
12	Hull S754	HHI	\$ 7,500,000	October 28, 2013
13	Hull S753	HHI	\$ 7,500,000	October 28, 2013
14	Hull 2338	HHI	\$ 3,845,000	October 29, 2013
15	Hull 2336	HHI	\$ 3,845,000	October 29, 2013
16	Hull 2337	HHI	\$ 3,845,000	October 29, 2013
			<u>(\$)</u> <b>83,070,000</b>	

## DORIAN DISCLOSURE SCHEDULES

Reference is made to that certain Purchase Agreement (the “Agreement”) dated as of November 26, 2013, by and between Dorian LPG Ltd., a Marshall Islands corporation (the “Company”), and Scorpio Tankers Inc., a Marshall Islands corporation (“Scorpio”). Terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the Agreement.

Each Schedule corresponds to a specific section or subsection of the Agreement. The disclosure in any section or subsection of the Schedules qualifies other sections or subsections in the Agreement for which the relevance or applicability of such disclosure is reasonably apparent on the face of such disclosure. Except to the extent expressly stated in the Agreement or the Schedules, the disclosure of any information in the Schedules shall not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made by the Company in the Agreement or that such information is material or outside of the ordinary course of business, nor shall such information be deemed to establish a standard of materiality, nor shall it be deemed an admission of any liability of, or concession as to any defense available to, the Stockholders or the Company. References in the Schedules to dollar amount thresholds will not be deemed to be evidence of materiality or of a material adverse effect.

The information contained in the Schedules is also subject to the following general qualifications:

- (i) any section or subsection of the Schedules relating to one section or subsection of the Agreement may cross-reference matter (s) disclosed in a section or subsection of the Schedules relating to any other section or subsection of the Agreement;
  - (ii) headings have been inserted on the sections or subsections of the Schedules for convenience of reference only and shall to no extent have the effect of amending or changing the express description of the corresponding section or subsection set forth in the Agreement;
  - (iii) nothing contained in the Schedules shall be deemed to expand or constrict the scope of any representation or warranty set forth in the Agreement; and
  - (iv) the contents of all annexes attached to the Schedules are incorporated by reference in the Schedules as though fully set forth in the Schedules.
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**Schedule 3.02(c)**  
**Capitalization**

None other than in connection with the November 2013 Private Placement.

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**Schedule 3.02(d)**  
**Capitalization**

<b>Name of 10% or More Shareholder</b>	<b>Number of Common Shares</b>	<b>Percent Owned</b>
Dorian Holdings LLC	23,335,675	25.03%
Seacor Holdings LLC	23,335,675	25.03%
Kensico Capital	14,316,867	15.4%

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**Schedule 3.03**  
**Subsidiaries**

<b>Subsidiary</b>	<b>Vessel or Business</b>
Grendon Tanker LLC	m/v Grendon
Corvette LPG Transport LLC	NB Hull No. 2658
CNML LPG Transport LLC	m/v Captain Nicholas ML
CJNP LPG Transport LLC	m/v Captain John NP
CMNL LPG Transport LLC	m/v Captain Markos NL
Corsair LPG Transport LLC	Title on delivery to NB Hull No. 2657
Seacor LPG II LLC	NB Hull No. 2657
Comet LPG Transport LLC	NB Hull No. 2656
Dorian LPG (UK) Ltd.	Vessel Management
Dorian LPG (USA) LLC	Vessel Management
Dorian LPG Management Corp.	Vessel Management
Dorian Shanghai LPG Transport LLC	To own NB Hull No. S749
Dorian Houston LPG Transport LLC	To own NB Hull No. S750
Dorian Amsterdam LPG Transport LLC	To own NB Hull No. S751
Dorian Barcelona LPG Transport LLC	To own NB Hull No. S752
Dorian Ulsan LPG Transport LLC	To own NB Hull No. S755
Dorian Monaco LPG Transport LLC	To own NB Hull No. S756
Dorian Dubai LPG Transport LLC	To own NB Hull No. H2336
Dorian Geneva LPG Transport LLC	To own NB Hull No. H2337
Dorian Tokyo LPG Transport LLC	To own NB Hull No. H2338
Dorian Sao Paulo LPG Transport LLC	To own NB Hull No. S753
Dorian Cape Town LPG Transport LLC	To own NB Hull No. S754
Dorian Explorer LPG Transport LLC	To own NB Hull No. S757
Dorian Exporter LPG Transport LLC	To own NB Hull No. S758
Capricorn LPG Transport LLC	To own Potential NB

**Schedule 3.06**  
**Liabilities**

None.

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**Schedule 3.07**  
**Absence of Certain Changes, Events and Conditions**

- Newbuilding contract amended for Hull 2657 due to early prepayment of installments in the amount of \$28,418,740.00.
  - Dorian LPG Ltd. has contracted one Wartsila-Hamworthy Exhaust Gas Scrubber System for Hull 2656 and one Clean Marine Exhaust Gas Scrubber System for Hull 2658.
-

**Schedule 3.8(a)**  
**Material Contracts**

Shipbuilding Contract, dated April 29, 2013, between Seacor LPG I LLC and Hyundai Heavy Industries Co, LTD. in respect of Hyundai Hull 2656.

Shipbuilding Contract, dated April 29, 2013, between Seacor LPG II LLC and Hyundai Heavy Industries Co, LTD. in respect of Hyundai Hull 2657.

Shipbuilding Contract, dated July 12, 2013, between Corvette LPG Transport LLC and Hyundai Heavy Industries Co, LTD. in respect of Hyundai Hull 2658

Option Agreement, dated April 29, 2013 by and between Dorian (Hellas) S.A. and Hyundai Heavy Industries Co, LTD. for three 84,000 CBM LPG Class Vessels.

Management Agreement by and between CJNP LPG Transport LLC and Dorian (Hellas) S.A., dated July 26, 2013.

Management Agreement by and between CMNL LPG Transport LLC and Dorian (Hellas) S.A., dated July 26, 2013.

Management Agreement by and between CNML LPG Transport LLC and Dorian (Hellas) S.A., dated July 26, 2013.

Management Agreement by and between Grendon Tanker LLC and Dorian (Hellas) S.A., dated July 26, 2013.

Charter Party for Captain Markos NL between Cepheus Transport Ltd. and StatoilHydro ASA.

Working Charter Party for Captain Nicholas NL between Cetus Transport Ltd. and StatoilHydro ASA.

Charter Party for Grendon between Orion Tankers Limited and Petredec Limited.

Term Loan Facility Agreement by and among CJNP LPG Transport LLC, CMNL LPG Transport LLC, CNML Transport LLC, Corsair LPG Transport LLC, Dorian LPG Ltd., and The Royal Bank of Scotland plc dated as of July 29, 2013.

Letter Undertaking, dated July 2, 2013 between Dorian LPG Ltd. and Dorian (Hellas) S.A. confirming NB management fee of \$15,000 per month per NB until completion of management companies transition.

Transition Agreement, dated July 29, 2013 between Dorian LPG Management Corp. and Dorian (Hellas) S.A.

Transition Agreement, dated July 29, 2013 between Dorian LPG (USA) LLC. on behalf of its subsidiary Dorian LPG (UK), Highbury Shipping Services Ltd and Dorian (Hellas) S.A.

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Transition Agreement, dated July 29, 2013 between Dorian LPG (USA), Eagle Ocean Transport Inc. and Dorian (Hellas) S.A.

License Agreement dated as of July 29, 2013, by and between Dorian LPG Ltd. and Dorian Holdings LLC.

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**Schedule 3.11**  
**Customers**

- 1) StatoilHydro ASA
  - 2) Petredec Limited
-

**Schedule 3.12**  
**Insurance**

- Protection & Indemnity Summary: Captain Nicholas ML, Captain John NP, Captain Marks NL & Grendon
    - H&M (Marine)
      - Willis (50%)
      - Seascopes (50%)
    - I.V. etc. (Marine)
      - Seascopes (100%)
    - H&M + I.V. etc. (War)
      - Seascopes (100%)
    - P&I
      - U.K. P&I (100%)
  
  - Primary D&O
    - Policy Number B080123759P13 for the period July 1, 2013 — July 1, 2014, insured by Liberty Mutual Insurance Europe Limited (50%) and Chubb Insurance Company of Europe SE (50%)
-

**Schedule 3.16(a)**  
**Employment Matters**

<b>Officers</b>	<b>Title</b>	<b>2012 Total Compensation</b>	<b>2013 Base Compensation</b>	<b>2013 Bonus</b>
John Hadjipateras	Chairman, President	\$ [Intentionally omitted]	\$ [Intentionally omitted]	[Intentionally omitted]
Ted Young	CFO	\$ [Intentionally omitted]	\$ [Intentionally omitted]	[Intentionally omitted]
Alex Ciaputa	Secretary	\$ [Intentionally omitted]	\$ [Intentionally omitted]	[Intentionally omitted]

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**Schedule 3.23**  
**Ownership of Vessels**

<b>Subsidiary</b>	<b>Vessel or Business</b>	<b>Nation of Registration</b>
Grendon Tanker LLC	m/v Grendon	Bahamas
CNML LPG Transport LLC	m/v Captain Nicholas ML	Bahamas
CJNP LPG Transport LLC	m/v Captain John NP	Bahamas
CMNL LPG Transport LLC	m/v Captain Markos NL	Bahamas
Corsair LPG Transport LLC	Title on delivery to NB Hull No. 2657	
Corvette LPG Transport LLC	NB Hull No. 2658	
Seacor LPG II LLC	NB Hull No. 2657	
Comet LPG Transport LLC	NB Hull No. 2656	
Dorian Shanghai LPG Transport LLC	NB Hull No. S749	
Dorian Houston LPG Transport LLC	NB Hull No. S750	
Dorian Amsterdam LPG Transport LLC	NB Hull No. S751	
Dorian Barcelona LPG Transport LLC	NB Hull No. S752	
Dorian Ulsan LPG Transport LLC	NB Hull No. S755	
Dorian Monaco LPG Transport LLC	NB Hull No. S756	
Dorian Dubai LPG Transport LLC	NB Hull No. H2336	
Dorian Geneva LPG Transport LLC	NB Hull No. H2337	
Dorian Tokyo LPG Transport LLC	NB Hull No. H2338	
Dorian Sao Paulo LPG Transport LLC	NB Hull No. S753	
Dorian Cape Town LPG Transport LLC	NB Hull No. S754	
Dorian Explorer LPG Transport LLC	To own NB Hull No. S757	
Dorian Exporter LPG Transport LLC	To own NB Hull No. S758	
Capricorn LPG Transport LLC	To own Potential NB	

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Dated 29 July 2013

**US\$135,224,500**

**TERM LOAN FACILITY**

**CJNP LPG TRANSPORT LLC  
CMNL LPG TRANSPORT LLC  
CNML LPG TRANSPORT LLC  
CORSAIR LPG TRANSPORT LLC**

as joint and several Borrowers and Hedge Guarantors

and

**DORIAN LPG LTD.**  
as Parent Guarantor

and

**THE ROYAL BANK OF SCOTLAND plc**  
as Arranger

and

**THE ROYAL BANK OF SCOTLAND plc**  
as Facility Agent

and

**THE ROYAL BANK OF SCOTLAND plc**  
as Security Agent

**FACILITY AGREEMENT**

relating to  
the refinancing of certain Existing Indebtedness  
and the purchase of three gas carriers

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**THIS AGREEMENT** is made on 29 July 2013

## **PARTIES**

- (1) **CJNP LPG TRANSPORT LLC** , a limited liability company formed and existing in the Republic of the Marshall Islands whose registered office is at Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands as a borrower (“ **Borrower A** ”)
- (2) **CMNL LPG TRANSPORT LLC** , a limited liability company formed and existing in the Republic of the Marshall Islands whose registered office is at Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands as a borrower (“ **Borrower B** ”)
- (3) **CNML LPG TRANSPORT LLC** , a limited liability company formed and existing in the Republic of the Marshall Islands whose registered office is at Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands as a borrower (“ **Borrower C** ”)
- (4) **CORSAIR LPG TRANSPORT LLC** , a limited liability company formed and existing in the Republic of the Marshall Islands whose registered office is at Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands as a borrower (“ **Borrower D** ”)
- (5) **DORIAN LPG LTD.** , a corporation incorporated in the Marshall Islands whose registered office is at Ajeltake Road, Ajeltake Island, Majuro MH96960, The Marshall Islands as guarantor (the “ **Parent Guarantor** ”)
- (6) **THE COMPANIES** listed in Part A of Schedule 1 ( *The Parties* ) as hedge guarantors (the “ **Hedge Guarantors** ”)
- (7) **THE ROYAL BANK OF SCOTLAND plc** as mandated lead arranger (the “ **Arranger** ”)
- (8) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 ( *The Parties* ) as lenders (the “ **Original Lenders** ”)
- (9) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 ( *The Parties* ) as hedge counterparties (the “ **Hedge Counterparties** ”)
- (10) **THE ROYAL BANK OF SCOTLAND plc** as agent of the other Finance Parties (the “ **Facility Agent** ”) and
- (11) **THE ROYAL BANK OF SCOTLAND plc** as security agent for the Secured Parties (the “ **Security Agent** ”)

## **BACKGROUND**

- (A) The Lenders have agreed to make available to the Borrowers a secured term loan facility not exceeding \$135,224,500 for the purposes of refinancing part of the Existing Indebtedness and acquiring Ship A, Ship B and Ship C.
- (B) The Hedge Counterparties have agreed to enter into interest rate swap transactions with the Borrowers from time to time to hedge the Borrowers’ exposure under this Agreement to interest rate fluctuations.

## **OPERATIVE PROVISIONS**

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## SECTION 1

### INTERPRETATION

#### 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this Agreement:

“ **Accounts** ” means the Operating Accounts, the Minimum Liquidity Account and the Newbuilding Cash Account.

“ **Accounts Security** ” means the documents creating security in respect of any of the Accounts in agreed form.

“ **Affected Lender** ” has the meaning given to it in Clause 10.2 ( *Market disruption* ).

“ **Affiliate** ” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company. Notwithstanding the foregoing, in relation to The Royal Bank of Scotland plc, “Affiliate” shall not include: (i) the UK Government or any member or instrumentality thereof, including Her Majesty’s Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof); or (ii) any persons or entities controlled by or under common control with the UK Government or any member or instrumentality thereof {including Her Majesty’s Treasury and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

“ **Approved Auditor** ” means each of Moore Stephens & Co., Deloitte LLP, Pricewaterhouse Coopers LLP, Ernst & Young LLP and KPMG LLP or such other firm of auditors as may be approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

“ **Approved Broker** ” means any firm or firms of insurance brokers approved in writing by the Facility Agent, acting with the authorisation of the Majority Lenders.

“ **Approved Charter** ” means a time charter of a Ship entered into between the relevant Borrower and an Approved Charterer the duration of which is equal to or exceeds two years and the net charter hire payable thereunder is sufficient to pay in full the aggregate of the relevant Ship’s operating expenses and an amount equal to the amount of the annual principal repayment instalments and, cash interest in relation to the Tranche relating to that Ship.

“ **Approved Charter Assignment** ” means in relation to the Ship an assignment of any Approved Charter (and any supporting guarantee, if any) in respect of the Ship executed by the relevant Borrower in favour of the Security Trustee in the agreed form.

“ **Approved Charterer** ” means any of the charterers as specified in Schedule 10 ( *Approved Charterers* ) or otherwise approved in writing by the Facility Agreement, acting with the authorisation of the Majority Lenders.

“ **Approved Classification** ” means, in relation to a Ship, as at the date of this Agreement the classification in respect of that Ship specified in Schedule 7 ( *Details of the Ships* ) or the equivalent classification with another Approved Classification Society.

“ **Approved Classification Society** ” means, in relation to a Ship, as at the date of this Agreement, the classification society in respect of that Ship specified in Schedule 7 ( *Details of the Ships* ) or any other classification society approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

“ **Approved Commercial Manager** ” means, in relation to a Ship, Dorian (Hellas) S.A., a company organised and existing under the laws of Panama and having a place of business at 102-104 Kolokotroni Street, 185 35 Piraeus, Greece or Dorian Management LPG Corp., a corporation organised and existing under the laws of the Marshall Islands and having a place of business at 102-104 Kolokotroni Street, 185 35 Piraeus, Greece or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders, as the commercial manager of that Ship such approval not to be unreasonably withheld or delayed.

“ **Approved Flag** ” means, in relation to a Ship, as at the date of this Agreement, the flag in respect of that Ship specified in Schedule 7 ( *Details of the Ships* ) or such other flag approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

“ **Approved Manager** ” means, in relation to a Ship, the Approved Commercial Manager or the Approved Technical Manager of that Ship.

“ **Approved Technical Manager** ” in relation to a Ship, Dorian (Hellas) S.A. a company organised and existing under the laws of Panama and having a place of business at 102-104 Kolokotroni Street, 185 35 Piraeus, Greece or Dorian Management LPG Corp., a corporation organised and existing under the laws of the Marshall Islands and having a place of business at 102-104 Kolokotroni Street, 185 35 Piraeus, Greece or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders, as the technical manager of that Ship such approval not to be unreasonably withheld or delayed.

“ **Approved Valuer** ” means any firm or firms of independent sale and purchase shipbrokers as specified in Schedule 9 ( *Approved Valuers* ) or otherwise approved in writing by the Facility Agent, acting with the authorisation of the Majority Lenders,

“ **Assignment Agreement** ” means an agreement substantially in the form set out in Schedule 5 ( *Form of Assignment Agreement* ) or any other form agreed between the relevant assignor and assignee.

“ **Authorisation** ” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

“ **Availability Period** ” means the period from and including the date of this Agreement to and including 30 September 2013.

“ **Borrower** ” means Borrower A, Borrower B, Borrower C or Borrower D.

“ **Break Costs** ” means the amount (if any) by which:

(a) the interest (but excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period

exceeds

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“ **Builder** ” means Hyundai Heavy Industries Co. Ltd., a company organised and existing in the Republic of Korea whose registered office is at 1 Jeonha-Dong, Dong-Gu, Ulsan, Korea.

“ **Business Day** ” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and New York.

“ **Charged Property** ” means all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security.

“ **Charter** ” means, in respect of a Ship, any charter relating to that Ship, or other contract for its employment, whether or not already in existence.

“ **Commitment** ” means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Part B of Schedule 1 ( *The Parties* ) and the amount of any other Commitment transferred to it under this Agreement; and
  - (b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,
- to the extent not cancelled, reduced or transferred by it under this Agreement.

“ **Compliance Certificate** ” means a certificate in the form set out in Schedule 6 ( *Form of Compliance Certificate* ) or in any other form agreed between the Parent Guarantor and the Facility Agent.

“ **Confidential Information** ” means all information relating to any Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes, after having made due inquiry, information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 45 ( *Confidentiality* )); or
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“ **Confidentiality Undertaking** ” means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrowers and the Facility Agent.

“ **Contract Price** ” means the price payable for Ship D under article II of the Shipbuilding Contract, subject to adjustment as provided in article III of the Shipbuilding Contract.

“ **Corresponding Debt** ” means any amount, other than any Parallel Debt, which an Obligor owes to a Secured Party under or in connection with the Finance Documents.

“ **Deed of Covenant** ” means, in relation to a Ship, the deed of covenant collateral to the Mortgage over that Ship and creating security in respect of that Ship together with the Earnings, the Insurances and any Requisition Compensation in each case in respect of that Ship, in agreed form.

“ **Deed of Release** ” means a deed releasing the Existing Security and the Exiting Borrowers in a form acceptable to the Facility Agent.

“ **Default** ” means an Event of Default or a Potential Event of Default.

“ **Defaulting Lender** ” means any Lender:

- (a) which has failed to make its participation in a Tranche available or has notified the Facility Agent that it will not make its participation in a Tranche available by the Utilisation Date of that Tranche in accordance with Clause 5.4 (*Lenders’ participation*);
- (b) which has otherwise rescinded or repudiated a Finance Document; or
- (c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within 3 Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“ **Delegate** ” means any delegate, agent, attorney, co-trustee or other person appointed by the Security Agent.

“ **Delivery Date** ” means the date on which Ship D is delivered by the Builder to the Purchaser under the Shipbuilding Contract and then delivered on a back-to-back basis by the Purchaser to Borrower D and which in any event shall be no later than 30 September 2014.

“ **Disruption Event** ” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other, Party:
  - (i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents, and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“ **Document of Compliance** ” has the meaning given to it in the ISM Code.

“ **dollars** ” and “ **\$** ” mean the lawful currency, for the time being, of the United States of America.

“ **Dorian Holdings** ” means Dorian Holdings LLC, a limited liability company formed and existing in the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

“ **Earnings** ” means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to a Borrower or the Security Agent and which arise out of the use or operation of that Ship, including (but not limited to):

- (a) the following, save to the extent that any of them is, with the prior written consent of the Facility Agent, pooled or shared with any other person:
- (i) all freight, hire and passage moneys;
  - (ii) compensation payable to a Borrower or the Security Agent in the event of requisition of that Ship for hire;
  - (iii) remuneration for salvage and towage services;
  - (iv) demurrage and detention moneys;
  - (v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;
  - (vi) all moneys which are at any time payable under any Insurances in respect of loss of hire;
  - (vii) all monies which are at any time payable to a Borrower in respect of general average contribution; and
- (b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (i) to (vi) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

“ **Environmental Approval** ” means any present or future permit, ruling, variance or other Authorisation required under Environmental Laws.

“ **Environmental Claim** ” means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, “ **claim** ” includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

“ **Environmental Incident** ” means:

- (a) any release, emission, spill or discharge into any Ship or into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from any Ship; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than any Ship and which involves a collision between any Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested, attached, detained or enjoined and/or a Ship and/or any Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from a Ship and in connection with which a Ship is actually or potentially liable to be arrested and/or where any Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

“ **Environmental Law** ” means any present or future law or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

“ **Environmentally Sensitive Material** ” means and includes all pollutants, contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

“ **Event of Default** ” means any event or circumstance specified as such in Clause 29 ( *Events of Default* ).

“ **Existing Bank** ” means the Royal Bank of Scotland plc as “Lender” as such term is defined in the Existing Facility Agreement.

“ **Existing Borrowers** ” means together Cetus Transport Ltd., Cygnus Transport Ltd., Cepheus Transport Ltd., and Lyra Gas Transport Ltd., as joint and several borrowers and each being a corporation incorporated in the Republic of Liberia whose registered offices are at 80 Broad Street, Monrovia, Liberia.

“ **Existing Facility Agreement** ” means the facility agreement dated 12 August 2005 entered into between the Existing Borrowers and the Existing Bank as amended and supplemented from time to time pursuant to which a term loan of \$228,240,000 was made available to the Existing Borrowers.

“ **Existing Indebtedness** ” means, at any date, the outstanding Financial Indebtedness of the Existing Borrowers on that date under the Existing Facility Agreement amounting to \$157,514,500 at the date of this Agreement.

“ **Existing Security** ” means any Security created to secure the Existing Indebtedness.

“ **Existing Shareholders** ” means each the ultimate legal and beneficial owners of the Existing Borrowers as at the date of this Agreement.

“ **Facility** ” means the term loan facility made available under this Agreement as described in Clause 2 ( *The Facility* ).

“ **Facility Office** ” means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“ **FATCA** ” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“ **FATCA Application Date** ” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“ **FATCA Deduction** ” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“ **FATCA Exempt Party** ” means a Party that is entitled to receive payments free from any FATCA Deduction.

“ **Finance Document** ” means:

- (a) this Agreement;
- (b) any Mortgage;
- (c) any Deed of Covenant;
- (d) any General Assignment;
- (e) any Approved Charter Assignment;
- (f) any Accounts Security;
- (g) any Managers’ Undertaking;
- (h) the share security;

- (i) the Pre-delivery Security;
- (j) any Hedging Agreement;
- (k) any Hedging Agreement Assignment;
- (l) any other document (whether or not it creates Security) which is executed as security for, or for the purpose of establishing any priority or subordination arrangement in relation to, the Secured Liabilities; or
- (m) any other document designated as such by the Facility Agent and the Borrowers.

“ **Finance Party** ” means the Facility Agent, the Security Agent, the Arranger, a Lender or a Hedge Counterparty.

“ **Financial Indebtedness** ” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

“ **Fleet Vessels** ” means, for the purposes of clause 22.3, the vessels (including, but not limited to, the Ships) from time to time owned by the members of the Group and “ **Fleet Vessel** ” means any of them.

“ **GAAP** ” means generally accepted accounting principles in the United States of America including IFRS.

“ **General Assignment** ” means, in respect of a Ship, the general assignment creating security in respect of that Ship’s Earnings, its Insurances and any Requisition Compensation in respect of that Ship, in agreed form.

“ **Group** ” means the Parent Guarantor and its Subsidiaries for the time being.

“ **Hedging Agreement** ” means any master agreement, confirmation, transaction, schedule or other agreement in agreed form entered into or to be entered into by a Borrower for the purpose of hedging interest payable under this Agreement.

“ **Hedging Agreement Assignment** ” means, in respect of a Borrower, a first assignment of that Borrower’s rights and interests in any Hedging Agreement, in agreed form.

“ **Hedging Prepayment Proceeds** ” means any amount payable to a Borrower as a result of termination or closing out under a Hedging Agreement.

“ **Hedging Letter** ” means the letter dated on or before the date of this Agreement and made between the Facility Agent and the Borrowers describing the hedging arrangements to be entered into in respect of the interest rate liabilities of the Borrowers under this Agreement.

“ **Hedging Novation Agreement** ” means an ISDA novation agreement in respect of the swap transactions entered into in relation to the Existing Indebtedness with designations APD 2154, SPD 2847.2A, SPD 2847.2B, SPD 3008, SPD 3025 and SPD 3191.BE to be entered into between (i) the Hedging Counterparty, (ii) the Existing Borrowers and (iii) the Borrowers.

“ **Holding Company** ” means, in relation to a person, any other person in respect of which it is a Subsidiary.

“ **IFRS** ” means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“ **Indemnified Person** ” has the meaning given to it in Clause 14.2 ( *Other indemnities* ).

“ **Impaired Facility Agent** ” means the Facility Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Facility Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Facility Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of “ **Defaulting Lender** ”; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Facility Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within 3 Business Days of its due date; or
- (ii) the Facility Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“ **Insolvency Event** ” in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possess, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter.
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“**Insurances**” means, in relation to a Ship:

- (a) all policies and contracts of insurance, including entries of that Ship in any protection and indemnity or war risks association, effected in respect of that Ship, the Earnings or otherwise in relation to that Ship whether before, on or after the date of this Agreement; and

- (b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

“ **Interest Period** ” means, in relation to each Tranche, the Loan or any part of the Loan, each period determined in accordance with Clause 9 ( *Interest Periods* ) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 83 ( *Default interest* ).

“ **ISM Code** ” means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

“ **ISPS Code** ” means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization’s (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

“ **ISSC** ” means an International Ship Security Certificate issued under the ISPS Code.

“ **Lender** ” means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 30 ( *Changes to the Lenders* ),

which in each case has not ceased to be a Party in accordance with this Agreement.

“ **LIBOR** ” means, in relation to any Tranche, the Loan, any part of the Loan or any Unpaid Sum:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for dollars for the Interest Period of that Tranche, the Loan, that part of the Loan or that Unpaid Sum), the Reference Bank Rate,

as of the Specified Time on the Quotation Day for dollars and for a period comparable to the Interest Period for that Tranche, the Loan, that part of the Loan or that Unpaid Sum and, if any such rate is below zero, LIBOR shall be deemed to be zero.

“ **Limitation Acts** ” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

“ **LMA** ” means the Loan Market Association.

“ **Loan** ” means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility.

“ **Major Casualty** ” means, in respect of a Ship, any casualty to that Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,500,000 or the equivalent in any other currency.

“ **Majority Lenders** ” means:

- (a) if no Tranche has yet been advanced, a Lender or Lenders whose Commitments aggregate more than 66 per cent, of the Total Commitments; or

- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than  $66\frac{2}{3}$  percent, of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan immediately before repayment or prepayment in full aggregate more than  $66\frac{2}{3}$  per cent, of the Loan immediately before such repayment.

“ **Manager’s Undertaking** ” means, in respect of a Ship, the letter of undertaking subordinating the rights of its Approved Technical Manager and the letter of undertaking subordinating the rights of its Approved Commercial Manager against that Ship and the relevant Borrower to the rights of the Finance Parties in agreed form.

“ **Margin** ” means:

- (a) at all times up to (and including) the Delivery Date 1.50 per cent, per annum;
- (b) from the Delivery Date until but not including the first anniversary thereof 2.00 per cent, per annum;
- (c) from the first anniversary of the Delivery Date and at all times thereafter, 2.50 per cent, per annum; or
- (d) at any time on or following the release of Borrower D (or another Borrower) in accordance with Clause 18.6 ( *Release of Borrower D* ), 2.75 per cent, per annum.

“ **Market Disruption Event** ” has the meaning given to it in Clause 10.2 ( *Market disruption* ).

“ **Market Value** ” means, in relation to a Ship or any other vessel, at any date, the market value of that Ship or vessel shown by a valuation prepared:

- (a) as at a date not more than 14 days previously;
- (b) by an Approved Valuer;
- (c) with or without physical inspection of that Ship or vessel (as the Facility Agent may require); and
- (d) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer,

after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale.

“ **Material Adverse Effect** ” means the effect of any event or circumstance or series of events or circumstances occurring or coming into being after the date of this Agreement (or, if expressly specified in this Agreement, during any earlier period) which in the opinion of the Majority Lenders is likely to have a material adverse effect on:

- (a) the business, conditions (financial or otherwise), property, performance, prospects or results or operations of any member of the Group or the Group taken as a whole; or
- (b) the ability of the Obligors taken as a whole to comply with their payment obligations under this Agreement or the Finance Documents to which they are a party; or
- (c) (if not falling within paragraph (b) above, and to the extent that there has not at the time of the Majority Lenders’ determination of Material Adverse Effect been another express Default), the legality, validity or enforceability of the Security created under

or pursuant to the Finance Documents, or the rights or remedies of the Lenders in relation to that Security.

“**Minimum Liquidity**” means, at any relevant time, the aggregate amount standing to the credit of the Minimum Liquidity Account in accordance with Clause 22.1(e).

“**Minimum Liquidity Account**” means:

- (a) an account in the name of the Parent Guarantor with the Facility Agent designated “RBS Dorian LPG Ltd. — Minimum Liquidity Account”; or
- (b) any other account (with that or another office of the Facility Agent or with a bank or financial institution other than the Facility Agent) which is designated by the Facility Agent as the Minimum Liquidity Account for the purposes of this Agreement,

“**MOA**” means:

- (a) in the case of Ship A, Ship B and Ship C each memorandum of agreement dated 2013 and made between (i) each of Borrower A, Borrower B and Borrower C as buyer and (ii) each Existing Borrower for the purchase of each of Ship A, Ship B and Ship C as relevant; and
- (b) in the case of Ship D, the memorandum of agreement dated 2013 and made between (i) Borrower D as buyer and (ii) the Purchaser as seller for the purchase of Ship D.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

“**Mortgage**” means, in respect of a Ship, a first priority Bahamas ship mortgage on that Ship in agreed form.

“**Newbuilding Cash Collateral**” means, in respect of Ship D and the amounts payable pursuant to the Shipbuilding Contract a cash deposit of the placed on the Newbuilding Cash Account in accordance with the provisions of Clause 23.22 (*Newbuilding Cash*).

“**Newbuilding Cash Collateral A**” means, at any relevant time, an amount equal to 50 per cent, of the Newbuilding Cash Collateral.

“**Newbuilding Cash Collateral B**” means, at any relevant time, the Newbuilding Cash Collateral minus the Newbuilding Cash Collateral A.

“ **Newbuilding Cash Account** ” means:

- (a) an account in the name of the Borrowers with the Facility Agent designated “RBS Re Corsair Transport LPG LLC — Hull 2657 Cash Collateral Account”; or
- (b) any other account (with that or another office of the Facility Agent or with a bank or financial institution other than the Facility Agent) which is designated by the Facility Agent as the Newbuilding Cash Account for the purposes of this Agreement

“ **Obligor** ” means a Borrower, the Parent Guarantor or a Hedge Guarantor,

“ **Operating Account** ” means, in relation to a Borrower:

- (a) an account in the name of that Borrower with the Facility Agent designated “Operating Account”; or
- (b) any other account (with that or another office of the Facility Agent or with a bank or financial institution other than the Facility Agent) which is designated by the Facility Agent as the Operating Account of that Borrower for the purposes of this Agreement.

“ **Overseas Regulations** ” means the Overseas Companies Regulations 2009 (SI 2009/1801).

“ **Parallel Debt** ” means any amount which an Obligor owes to the Security Agent under Clause 33,2 ( *Parallel Debt ( Covenant to pay the Security Agent )* ).

“ **Participating Member State** ” means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“ **Party** ” means a party to this Agreement.

“ **Permitted Charter** ” means, in respect of a Ship, an Approved Charter or a charter:

- (a) which is a time or consecutive voyage charter;
- (b) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months plus a redelivery allowance of not more than 30 days;
- (c) which is entered into on bona fide arm’s length terms at the time at which that Ship is fixed; and
- (d) in respect of which not more than two months’ hire is payable in advance]

and any other charter which is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

“ **Permitted Financial Indebtedness** ” means :

- (a) any Financial Indebtedness incurred under the Finance Documents;
- (b) prior to the Utilisation Date, the Existing Indebtedness;
- (c) any Financial indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents in a manner satisfactory to the Facility Agent;
- (d) any Financial Indebtedness of the Transaction Obligors in relation to the administration and the operation of the Transaction Obligors, the operating, insurance, maintenance and management of the Fleet Vessels;

- (e) arising under Permitted Security; and
- (f) under finance or capital leases of vehicles equipment or computers, **provided that** the aggregate capital value of such items so leased under outstanding leases by the Transaction Obligors does not exceed \$100,000 (or, its equivalent in other currencies) at any time.

“ **Permitted Security** ” means:

- (a) Security created by the Finance Documents;
- (b) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (c) liens for unpaid master’s and crew’s wages in accordance with usual maritime practice;
- (d) liens for salvage;
- (e) liens for master’s disbursements incurred in the ordinary course of trading; and
- (f) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 25.15(e).

“ **Potential Event of Default** ” means any event or circumstance specified in Clause 29 ( *Events of Default* ) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“ **Pre-delivery Contracts** ” means the Shipbuilding Contract and the Refund Guarantee.

“ **Pre-delivery Security** ” means a document creating security in respect of the Pre-delivery Contracts in agreed form.

“ **Private Placement** ” means an equity raise by the Parent Guarantor in a minimum amount of \$100,000,000 gross proceeds.

“ **Prohibited Person** ” means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed.

“ **Protected Party** ” has the meaning given to it in Clause 12.1 ( *Definitions* ).

“ **Purchase Price** ” means, in respect of each of Ship A, Ship B and Ship C, the total price payable for that Ship under clause of the relevant MOA being in aggregate an amount equal to the Existing Indebtedness.

“ **Purchaser** ” means Seacor LPG II LLC, a limited liability company formed and existing in the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands

“ **Quotation Day** ” means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Facility Agent in accordance with market practice in the Relevant Interbank Market

(and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day; the Quotation Day will be the last of those days).

“ **Receiver** ” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

“ **Reference Bank Rate** ” means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in dollars for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

“ **Reference Banks** ” means the Royal Bank of Scotland plc or such other banks as may be appointed by the Facility Agent in consultation with the Borrowers.

“ **Refund Guarantee** ” means the guarantee number M0902-305-LG-00840 dated 2 May 2013 issued by the Refund Guarantor in favour of the Purchaser pursuant to the Shipbuilding Contract (acting on the instructions of all of the Lenders) shall agree).

“ **Refund Guarantor** ” means The Export Import Bank of Korea, a corporation incorporated in Korea acting through its office at Eunhaeng-Ro 16-1, Yeuido-dong, Yeongdeungpo-Gu, Seoul 150-996, Korea.

“ **Related Fund** ” in relation to a fund (the “ **first fund** ”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“ **Relevant Interbank Market** ” means the London interbank market.

“ **Relevant Jurisdiction** ” means, in relation to a Transaction Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, under the Finance Documents to which it is a party is situated;
- (c) any jurisdiction where it has a place of business or where its centre of decision making or management control is located; and
- (d) the jurisdiction whose laws govern the perfection of any of the Transaction Security created, or intended to be created, under the Finance Documents to which it is a party.

“ **Repayment Date** ” means each date on which a Repayment Instalment is required to be paid under Clause 6.1 ( *Repayment of Loan* ).

“ **Repayment Instalment** ” has the meaning given to it in Clause 6.1 ( *Repayment of Loan* ).

“ **Repeating Representation** ” means each of the representations set out in Clause 20 ( *Representations* ) except Clause 20.10 ( *Insolvency* ), Clause 20.11 ( *No filing or stamp taxes* ), Clause 20.12 ( *Deduction of Tax* ) and Clause 20.20 ( *No Charter* ) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a “Repeating Representation” or is otherwise expressed to be repeated.

“ **Representative** ” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“ **Requisition** ” means, in respect of a Ship:

- (a) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding one year without any right to an extension) unless it is within 30 days redelivered to the full control of the relevant Borrower; and
- (b) any arrest, capture, seizure or detention of that Ship (including any hijacking or theft) unless it is within 90 days redelivered to the full control of the relevant Borrower.

“ **Requisition Compensation** ” includes all compensation or other moneys payable by reason of any Requisition.

“ **Safety Management Certificate** ” has the meaning given to it in the ISM Code.

“ **Safety Management System** ” has the meaning given to it in the ISM Code.

“ **Sanctions** ” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

- (a) imposed by law or regulation of the United Kingdom, the Council of the European Union, the United Nations or its Security Council or the United States of America, whether or not any Obligor, any other member of the Group or any Affiliate is legally bound to comply with the foregoing; or
- (b) otherwise imposed by any law or regulation by which any Obligor, any other member of the Group or any Affiliate of any of them is bound or, as regards a regulation, compliance with which is reasonable in the ordinary course of business of any Obligor, any other member of the Group, any Affiliate of any of them.

“ **Screen Rate** ” means the British Bankers’ Association Interest Settlement Rate for dollars for the relevant period displayed on the appropriate page of the Reuters screen. If the Reuters Screen is replaced or service ceases to be available, the Facility Agent may specify another page or service displaying the appropriate rate after consultation with the Borrowers and the Lenders.

“ **Secured Liabilities** ” means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

“ **Secured Party** ” means each Finance Party from time to time party to this Agreement and any Receiver or Delegate.

“ **Security** ” means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

“ **Security Period** ” means the period starting on the date of this Agreement and ending on the date on which the Facility Agent is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

“ **Security Property** ” means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in respect of the Secured Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor in favour of the Security Agent as trustee for the Secured Parties;
- (c) the Security Agent’s interest in any turnover trust created under the Finance Documents;
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured parties,

except:

- (i) rights intended for the sole benefit of the Security Agent; and
- (ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement.

“ **Selection Notice** ” means a notice substantially in the form set out in Part B of Schedule 3 ( *Requests* ) given in accordance with Clause 9 ( *Interest Periods* ).

“ **Servicing Party** ” means the Facility Agent or the Security Agent.

“ **Security** ” means, in respect of a Borrower, a document creating security in respect of the share capital in that Borrower in agreed form.

“ **Shares Security** ” means, in respect of a Borrower, a document creating security in respect of the share capital in that Borrower in agreed form.

“ **Ship** ” means each of the Ships listed in Schedule 7 ( *Details of the Ships* ), each owned and in the name of the Borrower referred to in that Schedule under the Approved Flag.

“ **Shipbuilding Contract** ” means the Shipbuilding Contract dated 29 April 2013 and made between (i) the Builder and (ii) the Purchaser for the construction by the Builder of Ship D and its purchase by the Purchaser and its delivery to Borrower D.

“ **Shipbuilding Contract Instalment Date** ” has the meaning given to it in Clause 23.22(a).

“ **Specified Time** ” means a time determined in accordance with Schedule 8 ( *Timetables* ).

“ **Subsidiary** ” means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

“ **Swap Exposure** ” means, as at any relevant date, the amount certified by any Hedge Counterparty to the Facility Agent to be that Hedge Counterparty’s actual cost of terminating prematurely any transactions entered into under the relevant Hedging Agreement.

“ **Tax** ” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“ **Tax Credit** ” has the meaning given to it in Clause 12.1 ( *Definitions* ).

“ **Tax Deduction** ” has the meaning given to it in Clause 12.1 ( *Definitions* ).

“ **Tax Payment** ” has the meaning given to it in Clause 12.1 ( *Definitions* ).

“ **Termination Date** ” means:

- (a) in relation to Tranche A, 17 November 2018;
- (b) in relation to Tranche B, 30 March 2019; and
- (c) in relation to Tranche C, 21 July 2020.

“ **Third Parties Act** ” has the meaning given to it in Clause 1.5 ( *Third party rights* ).

“ **Total Commitments** ” means the aggregate of the Commitments, being a maximum amount of \$135,224,500 at the date of this Agreement.

“ **Total Loss** ” means, in relation to a Ship:

- (a) the actual, constructive, compromised, agreed or arranged total loss of that Ship; or
- (b) any Requisition.

“ **Total Loss Date** ” means, in relation to the Total Loss of a Ship:

- (a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:
  - (i) the date on which a notice of abandonment is given to the insurers; and
  - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Borrower with that Ship’s insurers in which the insurers agree to treat that Ship as a total loss; and
- (c) in the case of any other type of total loss, the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred.

“ **Tranche** ” means Tranche A, Tranche B or Tranche C.

“ **Tranche A** ” means that part of the Loan made or to be made available to Borrower A to finance the Purchase Price in respect of Ship A in a principal amount not exceeding \$47,600,000.

“ **Tranche B** ” means that part of the Loan made or to be made available to Borrower B to finance the Purchase Price in respect of Ship B in a principal amount not exceeding \$34,519,500.

“ **Tranche C** ” means that part of the Loan made or to be made available to Borrower C to finance the Purchase Price in respect of Ship C in a principal amount not exceeding \$53,105,000.

“ **Transaction Document** ” means:

- (a) a Finance Document;
- (b) a Pre-delivery Contract;

- (c) an MOA;
- (d) any other document designated as such by the Facility Agent and the Borrower.

“ **Transaction Obligor** ” means an Obligor, the Approved Commercial Manager, the Approved Technical Manager or any other person, except a Finance Party who executes a Finance Document.

“ **Transaction Security** ” means the Security created or intended to be created in favour of the Security Agent pursuant to the Finance Documents.

“ **Transfer Certificate** ” means a certificate substantially in the form set out in Schedule 4 ( *Form of Transfer Certificate* ) or any other form agreed between the Facility Agent and the Borrowers.

“ **Transfer Date** ” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

“ **UK Establishment** ” means a UK establishment as defined in the Overseas Regulations.

“ **Unpaid Sum** ” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“ **Utilisation** ” means a utilisation of the Facility.

“ **Utilisation Date** ” means the date of a Utilisation, being the date on which the all Tranches are to be borrowed.

“ **Utilisation Request** ” means a notice substantially in the form set out in Part A of Schedule 3 ( *Requests* ).

“ **VAT** ” means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

## 1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
  - (i) the “ **Facility Agent** ”, the “ **Arranger** ”, the “ **Security Agent** ”, any “ **Finance Party** ”, any “ **Lender** ”, any “ **Hedge Counterparty** ”, any “ **Secured Party** ”, any “ **Obligor** ”, any “ **Transaction Obligor** ” or any other “ **person** ” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
  - (ii) “ **assets** ” includes present and future properties, revenues and rights of every description;
  - (iii) “ **contingent liability** ” means a liability which is not certain to arise and/or the amount of which remains unascertained;

- (iv) “ **document** ” includes a deed and also a letter, fax or telex;
  - (v) “ **expense** ” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
  - (vi) a “ **Finance Document** ” or “ **Transaction Document** ” or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended or novated;
  - (vii) “ **indebtedness** ” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
  - (viii) “ **law** ” includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;
  - (ix) “ **proceedings** ” means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;
  - (x) a “ **person** ” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
  - (xi) a “ **regulation** ” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (xii) a provision of law is a reference to that provision as amended or re-enacted;
  - (xiii) a time of day is a reference to London time;
  - (xiv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
  - (xv) words denoting the singular number shall include the plural and vice versa; and
  - (xvi) “ **including** ” and “ **in particular** ” (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.
- (b) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under, or in connection with, any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Potential Event of Default is “ **continuing** ” if it has not been remedied or waived and an Event of Default is “ **continuing** ” if it has not been remedied or waived.

### 1.3 Construction of insurance terms

In this Agreement:

“ **approved** ” means, for the purposes of Clause 24 ( *Insurance Undertakings* ), approved in writing by the Facility Agent;

“ **excess risks** ” means, in respect of a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of that Ship in consequence of its insured value being less than the value at which that Ship is assessed for the purpose of such claims;

“ **obligatory insurances** ” means all insurances effected, or which any Borrower is obliged to effect, under Clause 24 ( *Insurance Undertakings* ) or any other provision of this Agreement or of another Finance Document;

“ **policy** ” includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

“ **protection and indemnity risks** ” means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 1 of the Institute Time Clauses (Hulls) (1/10/82) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision; and

“ **war risks** ” includes the risk of mines and all risks excluded by clause 23 of the Institute Time Clauses (Hulls)(1/10/83) or clause 24 of the Institute Time Clauses (Hulls) (1/11/1995).

#### **1.4 Agreed forms of Finance Documents**

References in Clause 1.1 ( *Definitions* ) to any Finance Document being in “agreed form” are to that Finance Document:

- (a) in a form attached to a certificate dated the same date as this Agreement (and signed by each Borrower and the Facility Agent); or
- (b) in any other form agreed in writing between each Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 44.2 ( *Exceptions* ) applies, all the Lenders.

#### **1.5 Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party except the Purchaser has no right under the Contracts (Rights of Third Parties) Act 1999 (the “ **Third Parties Act** ” ) to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Receiver, Delegate or any other person described in Clause 33.15 ( *No proceedings* ) may, subject to this Clause 1.5 ( *Third party rights* ) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

## SECTION 2

### THE FACILITY

#### 2 THE FACILITY

##### 2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a dollar term loan facility:

- (a) to be made in three Tranches, Tranche A, Tranche B and Tranche C, to be drawn down simultaneously; and
- (b) in an aggregate amount not exceeding the Total Commitments.

##### 2.2 Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.
- (d) Notwithstanding any other provision of the Finance Documents, a Finance Party may separately sue for any Unpaid Sum due to it without the consent of any other Finance Party or joining any other Finance Party to the relevant proceedings.

#### 3 PURPOSE

##### 3.1 Purpose

Each Borrower shall apply all amounts borrowed by it under the Facility only for the purpose of:

- (a) in respect of Tranche A, financing the Purchase Price for Ship A by way of a loan in a principal amount not exceeding the lesser of (i) \$47,600,000 and (ii) the Existing Indebtedness for Ship A being the Purchase Price under the relevant MOA;
- (b) in respect of Tranche B, financing the Purchase Price for Ship B by way of a loan in a principal amount not exceeding the lesser of (i) \$34,519,500 and (ii) the Existing Indebtedness for Ship B being the Purchase Price under the relevant MOA; and
- (c) in respect of Tranche C, financing the Purchase Price for Ship C by way of a loan in a principal amount not exceeding the lesser of (i) \$53,105,000 and (ii) the Existing Indebtedness for Ship C being the Purchase Price under the relevant MOA.

##### 3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

## **4 CONDITIONS OF UTILISATION**

### **4.1 Initial conditions precedent**

The Borrowers may not deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 ( *Conditions Precedent and Conditions Subsequent* ) in form and substance satisfactory to the Facility Agent.

### **4.2 Further conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 ( *Lenders' participation* ) if on the date of the Utilisation Request and on the proposed Utilisation Date and before the relevant Tranche is advanced:

- (a) no Default is continuing or would result from that Tranche;
- (b) the Repeating Representations to be made by each Transaction Obligor are true;
- (c) the provisions of paragraph (c) of Clause 10.3 ( *Alternative basis of interest or funding, suspension* ) do not apply; and
- (d) the Facility Agent has received, or is satisfied it will receive when that Tranche is made available, all of the documents and other evidence listed in Part B of Schedule 2 ( *Conditions Precedent and Conditions Subsequent* ) in form and substance satisfactory to the Facility Agent.

### **4.3 Notification of satisfaction of conditions precedent**

- (a) The Facility Agent shall notify the Borrowers and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 ( *Initial conditions precedent* ) and Clause 4.2 ( *Further conditions precedent* ).
- (b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

### **4.4 Waiver of conditions precedent**

If the Majority Lenders, at their discretion, permit a Tranche to be borrowed before any of the conditions precedent referred to in Clause 4.1 ( *Initial conditions precedent* ) or Clause 4.2 ( *Further conditions precedent* ) has been satisfied, the Borrowers shall ensure that that condition is satisfied within five Business Days after the relevant Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may agree in writing with the Borrowers.

### **4.5 Conditions subsequent**

Following the Delivery Date, the Borrowers shall provide to the Facility Agent all of the documents and other evidence listed in Part C of Schedule 2 in form and substance satisfactory to the Facility Agent.

**SECTION 3**  
**UTILISATION**

**5. UTILISATION**

**5.1 Delivery of a Utilisation Request**

- (a) The Borrowers may utilise a Tranche by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time or such later date as may be agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

**5.2 Completion of a Utilisation Request**

- (a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
- (i) it specifies the Tranche to be utilised;
  - (ii) the proposed Utilisation Date is a Business Day within the Availability Period;
  - (iii) the currency and amount of the Utilisation comply with Clause 5.3 ( *Currency and amount* ); and
  - (iv) the proposed Interest Period complies with Clause 9 ( *Interest Periods* ).
- (b) Only one Utilisation Request may be delivered in respect of each Tranche, each such Utilisation Request to request the same Utilisation Date for each Tranche.

**5.3 Currency and amount**

- (a) The currency specified in a Utilisation Request must be dollars.
- (b) The amount of the proposed Tranche must be an amount which is not more than:
- (i) in respect of Tranche A, the lesser of (i) \$47,600,000 or (ii) the Existing Indebtedness in relation to Ship A being the Purchase Price under the relevant MOA;
  - (ii) in respect of Tranche B, the lesser of (i) \$34,519,500 or (ii) the Existing Indebtedness in relation to Ship B being the Purchase Price under the relevant MOA; and
  - (iii) in respect of Tranche C, the lesser of (i) \$53,105,000 or (ii) the Existing Indebtedness in relation to Ship C being the Purchase Price under the relevant MOA.

**5.4 Lenders' participation**

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Tranche available by the relevant Utilisation Date through its Facility Office.
- (b) The Facility Agent shall notify each Lender of the amount of each Tranche and the amount of its participation in that Tranche by the Specified Time.

**5.5 Cancellation of Commitments**

The Commitments in respect of any Tranche which are unutilised at the end of the Availability Period for such Tranche shall then be cancelled.

## **5.6 Payment to third parties**

The Facility Agent shall, on the Utilisation Date, pay to, or for the account of, the relevant Borrower which is to utilise each Tranche the amounts which the Facility Agent receives from the Lenders in respect of that Tranche. That payment shall be made in like funds as the Facility Agent received from the Lenders in respect of that Tranche:

- (a) in the case of Tranche A, to the account of the Existing Bank under the Existing Facility Agreement which the Borrowers specify in the relevant Utilisation Request;
- (b) in the case of Tranche B, to the account of the Existing Bank under the Existing Facility Agreement which the Borrowers specify in the relevant Utilisation Request; and
- (c) in the case of Tranche C, to the account of the Existing Bank under the Existing Facility Agreement which the Borrowers specify in the relevant Utilisation Request.

## **5.7 Disbursement of Tranche to third party**

The payment by the Facility Agent under Clause 5.6 ( *Payment to third parties* ) to a person other than a Borrower shall constitute the advance of the relevant Tranche and the Borrowers shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's participation in that Tranche.

## SECTION 4

### REPAYMENT , PREPAYMENT AND CANCELLATION

#### 6 REPAYMENT

##### 6.1 Repayment of Loan

The Borrowers shall repay:

(a) Tranche A by:

- (i) 12 semi-annual repayment instalments (each a “ **Tranche A Instalment** ” and, together, the “ **Tranche A Instalments** ”) each in the amount of \$1,700,000 the first of which shall be repaid on 24 September 2013 and the last on the applicable Termination Date; and
- (ii) a balloon payment (the “ **Tranche A Balloon Instalment** ”) in the amount of \$27,200,000 shall be repaid on the applicable Termination Date;

(b) Tranche B by:

- (i) 11 semi-annual repayment instalments (each a “ **Tranche B Instalment** ” and, together, the “ **Tranche B Instalments** ”) each in the amount of \$1,278,500 the first of which shall be repaid on 17 November 2013 and the last on the applicable Termination Date; and
- (ii) a balloon payment (the “ **Tranche B Balloon Instalment** ”) in the amount of \$20,456,000 shall be repaid on the applicable Termination Date;

(c) Tranche C by:

- (i) 14 semi-annual repayment instalments (each a “ **Tranche C Instalment** ” and, together, the “ **Tranche C Instalments** ” and, together with the Tranche A Instalments, the Tranche B Instalments, the “ **Instalments** ” and each an “ **Instalment** ”) each in the amount of \$1,827,500 the first of which shall be repaid on 21 January 2014 and the last on the applicable Termination Date; and
- (ii) a balloon payment (the “ **Tranche C Balloon Instalment** ” and, together with the Tranche A Balloon Instalment, the Tranche B Balloon Instalment, the “ **Balloon Instalments** ” and together with the Instalments, the “ **Repayment Instalments** ” and each a “ **Repayment Instalment** ”), in the amount of \$27,520,000 shall be repaid on the applicable Termination Date.

##### 6.2 Reduction of repayment instalments

If any part of the Facility is cancelled, the Repayment Instalments falling after that cancellation shall be reduced pro rata by the amount cancelled.

##### 6.3 Termination Date

On each Termination Date, the Borrowers shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

##### 6.4 Reborrowing

No Borrower may reborrow any part of the Facility which is repaid.

## 7 PREPAYMENT

### 7.1 Illegality

If (other than by reason of breach of Sanctions) it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in a Tranche or the Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying the Borrowers, the Commitment of that Lender will be immediately cancelled;
- (c) the Borrowers shall repay that Lender's participation in the Loan on the last day of the Interest Period for the Loan occurring after the Facility Agent has notified the Borrowers or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law); and
- (d) Any partial prepayment under this Clause 7.1 ( *Illegality* ) shall reduce pro rata the amount of each Repayment Instalment falling after that prepayment by the amount prepaid.

### 7.2 Change of control

- (a) If:
  - (A) the Existing Shareholders cease to control and own:
    - (1) prior to the Private Placement, the entire legal and beneficial ownership of the issued share capital of the Parent Guarantor; or
    - (2) at any time after the Private Placement at least 15 per cent, of the entire legal and beneficial ownership of the issued share capital of the Parent Guarantor and for the avoidance of doubt if the Parent Guarantor shall issue shares in itself then the required ownership percentage of the Existing Shareholders shall be adjusted to reflect such dilution; or
  - (B) after the Private Placement, any person or group of persons acting in concert other than the Existing Shareholders gains directly or indirectly control of the Parent Guarantor; or
  - (C) at any time the Existing Shareholders do not maintain a representative on the board of directors or any other management committee of the Parent Guarantor,

then:

- (i) the Parent Guarantor shall promptly notify the Facility Agent upon becoming aware of that event; and
  - (ii) if the Majority Lenders so require, the Facility Agent shall, by not less than 5 days' notice to the Borrowers, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and all such outstanding amounts will become immediately due and payable.
- (b) For the purpose of paragraph (a) above “ **control** ” means:

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (A) cast, or control the casting of, more than 33⅓ per cent, of the maximum number of votes that might be cast at a general meeting of the Parent Guarantor; or
  - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent Guarantor; or
  - (C) give directions with respect to the operating and financial policies of the Parent Guarantor with which the directors or other equivalent officers of the Parent Guarantor are obliged to comply; and/or
- (ii) the holding beneficially of more than 33⅓ per cent, of the issued share capital of the Parent Guarantor (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).
- (c) For the purpose of paragraph (a) above “ **acting in concert** ” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Parent Guarantor.

### **7.3 Voluntary prepayment of Loan**

- (a) The Borrowers may, if they give the Facility Agent not less than 14 days’ (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Tranche (but, if in part, being an amount that reduces the amount of the relevant Tranche by a minimum amount of \$1,000,000 in respect of that Tranche or an integral multiple of \$1,000,000.
- (b) Any partial prepayment under this Clause 7.3 ( *Voluntary prepayment of Loan* ) shall reduce the amount of each Repayment Instalment of the relevant Tranche falling after that prepayment by the amount prepaid in inverse order of maturity.

### **7.4 Mandatory prepayment on default under Shipbuilding Contract**

If:

- (a) any of the events specified in Clause 29.7 ( *Insolvency* ), Clause 29.8 ( *Insolvency proceedings* ) or Clause 29.9 ( *Creditors’ process* ) occurs in relation to the Builder or the Refund Guarantor; or
- (b) any of the events specified in articles III.3, X.6 or XI of the Shipbuilding Contract occurs; or
- (c) any Pre-delivery Contract is rescinded or otherwise ceases to remain in full force and effect for any reason; or
- (d) Ship D has not been delivered to, and accepted by, the Purchaser and then sold on to and accepted on a back-to-back basis by Borrower D on or before the earlier of (i) the date specified in article VII of the Shipbuilding Contract and (ii) 30 September 2014,

then:

- (i) the Borrowers shall promptly notify the Facility Agent upon becoming aware of that event; and

- (ii) if the Majority Lenders so require, the Facility Agent shall cancel the Loan and declare the outstanding amount of the Loan, together with interest accrued on it, and all other amounts relating thereto and accrued under the Finance Documents immediately due and payable unless:
  - (A) upon collection from the Builder and/or the Refund Guarantor and/or the insurer of the Builder of the refund of instalments pursuant to the Shipbuilding Contract, such funds are within six months deposited in the Newbuilding Cash Collateral Account and/or used within six months for the purchase of another equivalent vessel which is acceptable to the Agent acting on the instructions of the Majority Lenders; and
  - (B) the Newbuilding Cash amount has a credit balance of at least equal to the amount of the delivery instalment payable under the Shipbuilding Contract.

#### **7.5 Mandatory prepayment on sale or Total Loss**

- (a) If a Ship is sold or becomes a Total Loss, the Borrowers shall unless otherwise agreed with the Agent on the Relevant Date prepay the Tranche applicable to that Ship.
- (b) On the Relevant Date, the Borrowers shall also prepay such part of the Loan as shall eliminate any shortfall arising if the ratio set out in Clause 27 ( *Security Cover* ) were applied immediately following the payment referred to in paragraph (a) above but on the basis that the ratio must either (i) be maintained at the Level at which it was immediately prior to such sale or Total Loss or (ii) if, Borrower D (or another Borrower in accordance with Clause 18.6 ( *Release of Borrower D* )) has been released, at 175 per cent.
- (c) Provided that no Default has occurred and is continuing, any remaining proceeds of the sale or Total Loss of a Ship after the prepayments referred to in paragraph (a) and paragraph (b) above have been made together with all other amounts that are payable on any such prepayment pursuant to the Finance Documents shall be paid to the Borrower that owned the relevant Ship.
- (d) In this Clause 7.5 ( *Mandatory prepayment on sale or Total Loss* ):

“ **Relevant Date** ” means:

- (i) in the case of a sale of a Ship, on the date on which the sale is completed by delivery of that Ship to the buyer of that Ship; and
- (ii) in the case of a Total Loss of a Ship, on the earlier of:
  - (A) the date falling 180 days after the Total Loss Date; and
  - (B) the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.
- (e) Any partial prepayment of the Loan under Clause 7.4(b) shall reduce proportionately each Tranche and thereafter the amount of each Repayment Instalment of that relevant Tranche falling after that prepayment by the amount prepaid in order of maturity.

#### **7.6 Mandatory prepayment of Hedging Payment Proceeds**

Any Hedging Prepayment Proceeds arising as a result of any cancellation or prepayment under this Agreement shall, following payment into the applicable Operating Account in accordance with Clause 28.1 ( *Payment of Earnings* ), be applied on the last day of the Interest Period which ends on or after such payment in, in prepayment of the Loan and shall reduce in chronological order the amount of each Repayment Instalment falling after that prepayment by the amount prepaid.

**7.7 Restrictions**

- (a) Any notice of prepayment given by any Party under this Clause 7 ( *Prepayment* ) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and amounts (if any) payable under the Hedging Agreements in connection with that prepayment and, subject to any Break Costs, without premium or penalty.
- (c) No Borrower may reborrow any part of the Facility which is prepaid.
- (d) No Borrower shall repay or prepay all or any part of the Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Facility Agent receives a notice under this Clause 7 ( *Prepayment* ) it shall promptly forward a copy of that notice to either the Borrowers or the affected Lenders and/or Hedge Counterparties, as appropriate.

## SECTION 5

### COSTS OF UTILISATION

#### 8 INTEREST

##### 8.1 Calculation of interest

The rate of interest on each Tranche for each Interest Period in respect of that Tranche is the percentage rate per annum which is the aggregate of:

- (a) the relevant Margin; and
- (b) LIBOR.

##### 8.2 Payment of interest

- (a) The Borrowers shall pay accrued interest on each Tranche on the last day of each interest Period in respect of that Tranche.
- (b) If an interest Period in respect of a Tranche is longer than six Months, the Borrowers shall also pay interest then accrued on that Tranche on the dates falling at six Monthly intervals after the first day of the Interest Period for that Tranche.

##### 8.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Facility Agent. Any interest accruing under this Clause 8.3 ( *Default interest* ) shall be immediately payable by the Obligor on demand by the Facility Agent.
- (b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan:
  - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan; and
  - (ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2 per cent. higher than the rate which would have applied if that Unpaid Sum had not become due.
- (c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

##### 8.4 Notification of rates of interest

The Facility Agent shall promptly notify the Lenders and the Borrowers of the determination of a rate of interest under this Agreement.

## **9 INTEREST PERIODS**

### **9.1 Selection of Interest Periods**

- (a) The Borrowers may select the Interest Period for a Tranche in the Utilisation Request for that Tranche. Subject to paragraphs (f) and (h) below, the Borrowers may select each subsequent Interest Period in respect of that Tranche in a Selection Notice.
- (b) Each Selection Notice is irrevocable and must be delivered to the Facility Agent by the Borrowers not later than the Specified Time.
- (c) If the Borrowers fail to select an Interest Period in the first Utilisation Request or fail to deliver a Selection Notice to the Facility Agent in accordance with paragraphs (a) and (b) above, the relevant Interest Period will, subject to Clause 9.2 ( *Changes to Interest Periods* ) and paragraph (h) below, be six Months.
- (d) Subject to this Clause 9 ( *Interest Periods* ), the Borrowers may select an Interest Period of 3 or 6 Months or (subject to availability) 12 months or any other period agreed between the Borrowers and the Facility Agent (acting on the instructions of all the Lenders).
- (e) An Interest Period in respect of each Tranche shall not extend beyond the final Termination Date for that Tranche.
- (f) In respect of a Repayment Instalment, an Interest Period for a part of the applicable Tranche equal to such Repayment Instalment shall end on the Repayment Date relating to it if such date is before the end of the Interest Period then current.
- (g) Subject to paragraph (h) below, the first Interest Period for each Tranche shall start on the Utilisation Date for that Tranche and each subsequent Interest Period for that Tranche shall start on the last day of the preceding Interest Period for that Tranche.

### **9.2 Changes to Interest Periods**

- (a) If after the Borrowers have selected and the Lenders have agreed an Interest Period longer than six months, any Lender notifies the Facility Agent within two Business Days after the Specified Time relating to the relevant Utilisation Request or Selection Notice that it is not satisfied that deposits in dollars for a period equal to the Interest Period will be available to it in the Relevant Interbank Market when the Interest Period commences, the Facility Agent shall shorten the Interest Period to six months.
- (b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 ( *Changes to Interest Periods* ), it shall promptly notify the Borrowers and the Lenders.

### **9.3 Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

## **10 CHANGES TO THE CALCULATION OF INTEREST**

### **10.1 Absence of quotations**

Subject to Clause 10.2 ( *Market disruption* ), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

## 10.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to any Tranche for any Interest Period applicable to that Tranche, then the rate of interest on each Lender's share of such Tranche for the relevant Interest Period shall be the rate per annum which is the sum of:
- (i) the relevant Margin;
  - (ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in such Tranche from whatever source it may reasonably select.
- (b) In this Agreement “ **Market Disruption Event** ” means:
- (i) at or about noon on the Quotation Day for the relevant Interest Period, the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine LIBOR for dollars for the relevant Interest Period; or
  - (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Facility Agent receives notifications from a Lender or Lenders (whose participations in the Loan exceed 10 per cent, of the Loan) that the cost to it or them of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR; or
  - (iii) at least one Business Day before the start of an Interest Period, the Facility Agent receives notification from a Lender (the “ **Affected Lender** ” ) that for any reason it is unable to obtain dollars in the Relevant Interbank market in order to fund its participation in any Tranche.

## 10.3 Alternative basis of interest or funding , suspension

- (a) If a Market Disruption Event occurs and the Facility Agent or the Borrowers so require, the Facility Agent and the Borrowers shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.
- (b) Any substitute or alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrowers, be binding on all Parties.
- (c) If a Market Disruption Event occurs before the advance of a Tranche is made:
- (i) in circumstances falling within paragraph (b)(i) of Clause 10.2 ( *Market disruption* ) or paragraph (b)(ii) of Clause 10.2 ( *Market disruption* ), the Lenders' obligation to advance the Tranche; or
  - (ii) in circumstances falling within paragraph (b)(iii) of Clause 10.2 ( *Market disruption* ), the Affected Lender's obligation to participate in that Tranche,

shall be suspended while the circumstances giving rise to the Market Disruption Event continue.

## 10.4 Break Costs

- (a) The Borrowers shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by a Borrower on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

**11 FEES**

**11.1 Arrangement fee**

The Borrowers shall pay to the Facility Agent (for its own account) on or before 31 July 2013 or such later date as the Facility Agent may agree with the Borrowers, an arrangement fee in the amount of \$1,352,245.

## SECTION 6

### ADDITIONAL PAYMENT OBLIGATIONS

#### 12 TAX GROSS UP AND INDEMNITIES

##### 12.1 Definitions

(a) In this Agreement:

“ **Protected Party** ” means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document;

“ **Tax Credit** ” means a credit against, relief or remission for, or repayment of any Tax.

“ **Tax Deduction** ” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“ **Tax Payment** ” means either the increase in a payment made by an Obligor to a Finance Party under Clause 12.2 ( *Tax gross-up* ) or a payment under Clause 12.3 ( *Tax indemnity* ).

(b) Unless a contrary indication appears, in this Clause 12 ( *Tax Gross Up and Indemnities* ) reference to “ **determines** ” or “ **determined** ” means a determination made in the absolute discretion of the person making the determination.

(c) This Clause 12 ( *Tax Gross Up and Indemnities* ) shall not apply to any Hedging Agreement.

##### 12.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrowers shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrowers and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

### **12.3 Tax indemnity**

- (a) The Borrowers shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
  - (i) with respect to any Tax assessed on a Finance Party:
    - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
    - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,  
  
if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
  - (ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 12.2 ( *Tax gross-up* ); or
  - (iii) to the extent it relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Borrowers.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 ( *Tax indemnity* ), notify the Facility Agent.

### **12.4 Tax Credit**

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and
- (b) that Finance Party has obtained, utilised and retained that Tax Credit; and
- (c) the Finance Party shall pay an amount to the Obligor which that Finance Party reasonably determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

### **12.5 Stamp taxes**

The Borrowers shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

### **12.6 VAT**

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and

accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).

- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “ **Supplier** ”) to any other Finance Party (the “ **Recipient** ”) under a Finance Document, and any Party other than the Recipient (the “ **Relevant Party** ”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):
  - (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
  - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 ( *VAT* ) to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994).
- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party’s VAT registration and such other information as is reasonably requested in connection with such Finance Party’s VAT reporting requirements in relation to such supply.

## **12.7 FATCA Information**

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
  - (i) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party; and

- (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA.
- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:
  - (i) any law or regulation;
  - (ii) any fiduciary duty; or
  - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:
  - (i) if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such Party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and
  - (ii) if that Party failed to confirm its applicable “passthru payment percentage” then such Party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable “passthru payment percentage” is 100%,
 until (in each case) such time as the Party in question provides the requested confirmation, forms, documentation or other information.

**12.8 FATCA Deduction**

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with the FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Borrowers, the Facility Agent and the other Finance Parties.

**13 INCREASED COSTS**

**13.1 Increased costs**

- (a) Subject to Clause 13.3 ( *Exceptions* ), the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
  - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation;  
or
  - (ii) compliance with any law or regulation made,

after the date of this Agreement.

- (b) in this Agreement “ **increased Costs** ” means:
- (i) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
  - (ii) an additional or increased cost; or
  - (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

### **13.2 increased cost claims**

- (a) A Finance Party intending to make a claim pursuant to Clause 13.1 ( *Increased costs* ) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrowers.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

### **13.3 Exceptions**

Clause 13.1 ( *Increased costs* ) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by an Obligor;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) compensated for by Clause 12.3 ( *Tax indemnity* ) (or would have been compensated for under Clause 12.3 ( *Tax indemnity* ) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 12.3 ( *Tax indemnity* ) applied);
- (d) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
- (e) incurred by a Hedge Counterparty in its capacity as such.

## **14 OTHER INDEMNITIES**

### **14.1 Currency indemnity**

- (a) If any sum due from an Obligor under the Finance Documents (a “ **Sum** ”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “ **First Currency** ”) in which that Sum is payable into another currency (the “ **Second Currency** ”) for the purpose of:
  - (i) making or filing a claim or proof against that Obligor; or
  - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall, as an independent obligation, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that

Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.
- (c) This Clause 14.1 ( *Currency indemnity* ) does not apply to any sum due to a Hedge Counterparty in its capacity as such.

#### **14.2 Other indemnities**

- (a) Each Obligor shall, on demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:
  - (i) the occurrence of any Event of Default;
  - (ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 35 ( *Sharing Among the Finance Parties* );
  - (iii) funding, or making arrangements to fund, its participation in a Tranche requested by the Borrowers in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
  - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.
- (b) Each Obligor shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 ( *Other indemnities* ) an “ **Indemnified Person** ”), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
  - (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
  - (ii) in connection with any Environmental Claim.
- (d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 ( *Other indemnities* ) and the provisions of the Third Parties Act.

#### **14.3 Indemnity to the Servicing Parties**

Each Obligor shall, on demand, indemnify each Servicing Party against any cost, loss or liability incurred by that Servicing Party (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or

- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

#### **14.4 Indemnity to the Security Agent**

- (a) Each Obligor shall, on demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them:
- (i) in relation to or as a result of:
    - (A) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;
    - (B) the exercise of any of the rights, powers, discretions and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;
    - (C) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; and
    - (D) any action by any Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security,
  - (ii) which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise than as a result of the Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.4 ( *Indemnity to the Security Agent* ) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

### **15 MITIGATION BY THE LENDERS**

#### **15.1 Mitigation**

- (a) Each Finance Party shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 ( *Illegality* ), Clause 12 ( *Tax Gross Up and Indemnities* ) or Clause 13 ( *Increased Costs* ) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

#### **15.2 Limitation of liability**

- (a) Each Borrower shall, on demand, indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 ( *Mitigation* ).
- (b) A Finance Party is not obliged to take any steps under Clause 15.1 ( *Mitigation* ) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

## **16 COSTS AND EXPENSES**

### **16.1 Transaction expenses**

The Borrowers shall, on demand, pay the Facility Agent, the Security Agent and the Arranger the amount of all documented costs and expenses (including legal fees) reasonably incurred by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement;
- (b) the Transaction Security; and
- (c) any other Finance Documents executed after the date of this Agreement.

### **16.2 Amendment costs**

If:

- (a) an Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to Clause 36.9 ( *Change of currency* ); or
- (c) an Obligor requests, and the Security Agent agrees to, the release of all or any part of the Charged Property from the Transaction Security,

the Borrowers shall, on demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) which have been reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

### **16.3 Enforcement and preservation costs**

The Borrowers shall, on demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing those rights.

## SECTION 7

### GUARANTEES AND JOINT AND SEVERAL LIABILITY OF BORROWERS

#### 17 GUARANTEE AND INDEMNITY — PARENT GUARANTOR

##### 17.1 Guarantee and indemnity

The Parent Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each Obligor other than the Parent Guarantor of all such other Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever an Obligor other than the Parent Guarantor does not pay any amount when due under or in connection with any Finance Document, the Parent Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor other than the Parent Guarantor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Parent Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ) if the amount claimed had been recoverable on the basis of a guarantee.

##### 17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

##### 17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Parent Guarantor under this Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

##### 17.4 Waiver of defences

The obligations of the Parent Guarantor under this Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 ( *Waiver of defences* ), would reduce, release or prejudice any of its obligations under this Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ) or in respect of any Transaction Security (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

#### **17.5 Immediate recourse**

The Parent Guarantor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

#### **17.6 Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Secured Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Parent Guarantor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Parent Guarantor or on account of the Parent Guarantor's liability under this Clause 17 ( *Guarantee and Indemnity - Parent Guarantor* ).

#### **17.7 Deferral of Parent Guarantor's rights**

All rights which the Parent Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against any Borrower, any other Obligor or their respective assets shall be fully subordinated to the rights of the Secured Parties under the Finance Documents and until the end of the Security Period and unless the Facility Agent otherwise directs, the Parent Guarantor will not exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ):

- (a) to be indemnified by an Obligor;

- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which the Parent Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 ( *Guarantee and Indemnity — Parent Guarantor* );
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Secured Party.

If the Parent Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 36 ( *Payment Mechanics* ).

### **17.8 Additional security**

This guarantee and any other Security given by the Parent Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

### **17.9 Applicability of provisions of Guarantee to other Security**

Clauses 17.2 ( *Continuing guarantee* ), 17.3 ( *Reinstatement* ), 17A ( *Waiver of defences* ), 17.5 ( *Immediate recourse* ), 17.6 ( *Appropriations* ), 17.7 ( *Deferral of Parent Guarantor's rights* ) and 17.8 ( *Additional security* ) shall apply, with any necessary modifications, to any Security which the Parent Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

## **18 JOINT AND SEVERAL LIABILITY OF THE BORROWERS**

### **18.1 Joint and several liability**

- (a) All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be joint and several.

### **18.2 Waiver of defences**

The liabilities and obligations of a Borrower shall not be impaired by:

- (a) this Agreement being or later becoming void, unenforceable or illegal as regards any other Borrower;
- (b) any Lender or the Security Agent entering into any rescheduling, refinancing or other arrangement of any kind with any other Borrower;
- (c) any Lender or the Security Agent releasing any other Borrower or any Security created by a Finance Document; or

- (d) any time, waiver or consent granted to, or composition with any other Borrower or other person;
- (e) the release of any other Borrower or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (f) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any other Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (g) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any other Borrower or any other person;
- (h) any amendment, novation, supplement, extension, restatement (however fundamental, and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (i) any unenforceability, illegality or invalidity of any obligation or any person under any Finance Document or any other document or security; or
- (j) any insolvency or similar proceedings.

### **18.3 Principal Debtor**

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall, in any circumstances, be construed to be a surety for the obligations of any other Borrower under this Agreement.

### **18.4 Borrower restrictions**

- (a) Subject to paragraph (b) below, during the Security Period no Borrower shall:
  - (i) claim any amount which may be due to it from any other Borrower whether in respect of a payment made under, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or
  - (ii) take or enforce any form of security from any other Borrower for such an amount, or in any way seek to have recourse in respect of such an amount against any asset of any other Borrower; or
  - (iii) set off such an amount against any sum due from it to any other Borrower; or
  - (iv) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving any other Borrower; or
  - (v) exercise or assert any combination of the foregoing.
- (b) If during the Security Period, the Facility Agent, by notice to a Borrower, requires it to take any action referred to in paragraph (a) above in relation to any other Borrower, that Borrower shall take that action as soon as practicable after receiving the Facility Agent's notice.

## **18.5 Deferral of Borrowers' rights**

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Borrower will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by any other Borrower; or
- (b) to claim any contribution from any other Borrower in relation to any payment made by it under the Finance Documents.

## **18.6 Release of Borrower D**

Borrower D (or if requested with the prior consent of the Facility Agent, another Borrower in place of Borrower D) shall upon 10 Business Days' written request from the Parent Guarantor be released from all of its obligations as a Borrower and a Hedge Guarantor under this Agreement and the Finance Documents subject to satisfaction of all of the following conditions:

- (a) no Event of Default and, on the date of the proposed release, no Default is continuing or might reasonably be expected to result from such release; and
- (b) following the release of the Borrower and any Security granted by that Borrower, the provisions of Clause 27.1( *Minimum required security cover* ) shall be complied with but with the ratio being increased to 175 per cent. as at that date and at all times thereafter; and
- (c) the Margin being increased to 2.75 per cent. per annum with effect from the date of the release and at all times thereafter.

## **19 GUARANTEE AND INDEMNITY — HEDGE GUARANTORS**

### **19.1 Guarantee and indemnity**

Each Hedge Guarantor irrevocably and unconditionally:

- (a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Hedging Agreements;
- (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Hedge Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Hedging Agreement on the date when it would have been due. The amount payable by a Hedge Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ) if the amount claimed had been recoverable on the basis of a guarantee.

### **19.2 Continuing guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Borrower under the Hedging Agreements, regardless of any intermediate payment or discharge in whole or in part.

### **19.3 Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Borrower or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Hedge Guarantor under this Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

### **19.4 Waiver of defences**

The obligations of each Hedge Guarantor under this Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 19.4 ( *Waiver of defences* ), would reduce, release or prejudice any of its obligations under this Clause 19 [ *Guarantee and Indemnity - Hedge Guarantors* ) or in respect of any Transaction Security (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

### **19.5 Immediate recourse**

Each Hedge Guarantor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ), This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

### **19.6 Appropriations**

Until all amounts which may be or become payable by the Borrowers under or in connection with the Hedging Agreements have been irrevocably paid in full, each Secured Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Hedge Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Hedge Guarantor or on account of any Hedge Guarantor's liability under this Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ).

### **19.7 Deferral of Hedge Guarantors' rights**

All rights which each Hedge Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against any Borrower, any other Obligor or their respective assets shall be fully subordinated to the rights of the Secured Parties under the Finance Documents and until the end of the Security Period and unless the Facility Agent otherwise directs, no Hedge Guarantor will exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ):

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Hedge Guarantor has given a guarantee, undertaking or indemnity under Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* );
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Secured Party.

If a Hedge Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 35 (Payment Mechanics).

### **19.8 Additional security**

This guarantee and any other Security given by a Hedge Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

### **19.9 Applicability of provisions of Guarantee to other Security**

Clauses 19.2 ( *Continuing guarantee* ), 19.3 ( *Reinstatement* ), 19.4 ( *Waiver of defences* ), 19.5 ( *Immediate recourse* ), 19.6 ( *Appropriations* ), 19.7 ( *Deferral of Hedge Guarantors' rights* ) and 19.8 ( *Additional security* ) shall apply, with any necessary modifications, to any Security

which a Hedge Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

## SECTION 8

### REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

#### 20 REPRESENTATIONS

##### 20.1 General

Each Obligor makes the representations and warranties set out in this Clause 20 (*Representations*) to each Finance Party on the date of this Agreement.

##### 20.2 Status

- (a) Each Borrower is a limited liability company, duly formed and validly existing in good standing under the law of its jurisdiction of incorporation.
- (b) The Parent Guarantor is a corporation duly incorporated and validly existing in good standing under the law of its jurisdiction of incorporation.
- (c) Each Borrower, the Parent Guarantor and each of their Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

##### 20.3 Share capital and ownership

- (a) The memberships interests of each Borrower are divided into 100 LLC shares.
- (b) From the date of this Agreement until the date of the Private Placement, the legal title to and beneficial interest in all of the membership interests in each Borrower is and shall be held free of any Security or any other claim by Dorian Holdings.
- (c) Following the Private Placement, the legal title to and beneficial interest in all of the membership interests in each Borrower is and shall be held free of any Security or any other claim by the Parent Guarantor.
- (d) None of the membership interests in any Borrower is subject to any option to purchase, pre-emption rights or similar rights save for any agreement for the Parent Guarantor to purchase all of such membership interests from Dorian Holdings.
- (e) The Parent Guarantor is authorised to issue 500,000,000 registered shares comprised of 450,000,000 common shares with par value of \$0.01 per share and 50,000,000 preferred shares with a par value of \$0.01 per share of which common shares have been issued fully paid.
- (f) From the date of this Agreement until the date of the Private Placement, the legal title to and beneficial interest in the issued and outstanding shares in the Parent Guarantor is and shall be held free of any Security or any other claims by Dorian Holdings.

##### 20.4 Binding obligations

Subject to any matters which are set out as qualifications or reservations as to matters of law and general application in the legal opinions delivered pursuant to Clause 4 (*Conditions of Utilisation*), the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

##### 20.5 Validity, effectiveness and ranking of Security

- (a) Subject to any matters which are set out as qualifications or reservations as to matters of law and general application in the legal opinions delivered pursuant to Clause 4 (*Conditions of Utilisation*), each Finance Document to which it is a party does now or, as the case may

be, will upon execution and delivery and, where applicable, registration create the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.

- (b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.
- (c) The Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.
- (d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

#### **20.6 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) the constitutional documents of any member of the Group; or
- (c) any agreement or instrument binding upon it or any member of the Group or any member of the Group's assets.

#### **20.7 Power and authority**

- (a) It has the power to enter into, perform and deliver, and will by the required date, have taken all necessary action to authorise its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

#### **20.8 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect except any authorisation to the extent necessary under Clause 20.11 (*No Filing or Stamp Taxes*).

#### **20.9 Governing law and enforcement**

- (a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

## **20.10 Insolvency**

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 29.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 29.9 (*Creditors' process*),

has, to its knowledge, been taken or, threatened in relation to a member of the Group; and none of the circumstances described in Clause 29.7 (*Insolvency*) applies to a member of the Group.

## **20.11 No filing or stamp taxes**

Save for the registration of the Mortgages in the relevant register under the laws of the relevant Approved Flag, it is not necessary under the laws of its Relevant Jurisdictions that the Finance Documents to which it is a party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar taxes or fees be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents except any filing, recording or enrolling or any tax or fee payable which is referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) and which will be made or paid promptly after the date of the relevant Finance Document.

## **20.12 Deduction of Tax**

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to which it is a party.

## **20.13 No default**

- (a) No Event of Default and, on the date of this Agreement and on each Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes (or after the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or a termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which might have a Material Adverse Effect.

## **20.14 No misleading information**

- (a) Any written factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

**20.15 Pari passu ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**20.16 No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which if adversely determined, are reasonably likely to have a Material Adverse Effect, have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any of its Subsidiaries.

**20.17 Validity and completeness of the Deed of Release, MOAs and Pre-delivery Contracts**

- (a) Each of the Deed of Release and the MOAs constitutes legal, valid, binding and enforceable obligations of the Existing Bank and the relevant Existing Borrower respectively.
- (b) Each of the Shipbuilding Contract and the Refund Guarantee constitutes legal, valid, binding and enforceable obligations of the Builder and the Refund Guarantor respectively
- (c) The copies of the Deed of Release, the MOAs and the Pre-delivery Contracts delivered to the Facility Agent before the date of this Agreement are true and complete copies.
- (d) No amendments or additions to the Deed of Release, the MOAs or any Pre-delivery Contracts have been agreed nor have any rights under the Deed of Release, the MOAs or any the Pre-delivery Contract been waived.

**20.18 Valuations**

- (a) All written factual information supplied by It or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any factual information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.
- (c) There has been no change to the information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that written factual information untrue or misleading in any material respect.

**20.19 No breach of laws**

It has not (and, to the best of its knowledge, no other member of the Group has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

**20.20 No Charter**

Except for Ship B and Ship C, no Ship is subject to any Charter.

**20.21 Compliance with Environmental Laws**

All Environmental laws relating to the ownership, operation and management of each Ship and the business of each member of the Group (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

**20.22 No Environmental Claim**

No Environmental Claim has been made or threatened against any member of the Group or any Ship.

**20.23 No Environmental Incident**

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

**20.24 ISM and ISPS Code compliance**

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, each Approved Manager and each Ship have been complied with.

**20.25 Taxes paid**

- (a) It is not and no other member of the Group is materially overdue in the filing of any Tax returns and it is not (and no other member of the Group is) overdue in the payment of any amount in respect of Tax.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any other member of the Group) with respect to Taxes.

**20.26 Financial Indebtedness**

No Obligor has any Financial Indebtedness outstanding other than as permitted by this Agreement.

**20.27 Overseas companies**

No Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

**20.28 Good title to assets**

It and each other member of the Group has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

**20.29 Ownership**

- (a) On the Utilisation Date each of Borrower A, Borrower B and Borrower C will as relevant be the sole legal and beneficial owner of Ship A, Ship B and Ship C, its Earnings and its insurances
- (b) Borrower D as the assignee of the Purchaser pursuant to the relevant MOA is the sole legal and beneficial owner of all warranty rights and interests which the Shipbuilding Contract creates in favour of Borrower D as the assignee of the Purchaser.
- (c) With effect on and from the Delivery Date, Borrower D will be the sole legal and beneficial owner of Ship D, its Earnings and its Insurances.
- (d) With effect on and from the date of its creation or intended creation, each Borrower will be the sole legal and beneficial owner of any other asset that is the subject of any Transaction Security created or intended to be created by that Borrower.

### **20.30 Centre of main interests and establishments**

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the “**Regulation**”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Greece and it has no “establishment” (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

### **20.31 Place of business**

No Obligor has a place of business in any country other than Greece and its head office functions are carried out at 102-104 Kolokotroni Street, Piraeus 185 35, Greece or such other place as is notified to the Facility Agent within 14 days of any change.

### **20.32 No employee or pension arrangements**

No Obligor has any employees or any liabilities under any pension scheme.

### **20.33 Sanctions.** As regards Sanctions:

- (a) None of the Obligors, any other member of the Group or any Affiliate of any of them is a Prohibited Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and none of such persons owns or controls a Prohibited Person.
- (b) No proceeds of any Tranche shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.
- (c) Each Obligor, each other member of the Group and each Affiliate of any of them is in compliance with all Sanctions.

### **20.34 No Immunity**

The Borrower is not entitled to immunity from suit or enforcement of a judgment on grounds of sovereignty or otherwise in the courts of the Republic of the Marshall Islands in respect of proceedings against it in relation to this Agreement.

### **20.35 No shareholder agreements**

Save as disclosed to the Facility Agent pursuant to Clause 21.8(c) the Existing Shareholders have not entered into any shareholders’ or joint venture agreements.

### **20.36 Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of each Utilisation Request and the first day of each Interest Period.

## **21 INFORMATION UNDERTAKINGS**

### **21.1 General**

The undertakings in this Clause 21 ( *Information Undertakings* ) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

### **21.2 Financial statements**

The Borrowers shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as they become available, but in any event within 180 days after the end of each of their respective financial years:
  - (i) their respective audited financial statements for that financial year audited by an Approved Auditor; and
  - (ii) the audited consolidated financial statements of the Parent Guarantor for that financial year audited by an Approved Auditor;
- (b) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of their respective financial years:
  - (i) their respective financial statements for that financial quarter year; and
  - (ii) the consolidated financial statement of the Parent Guarantor for that financial quarter year; and
  - (iii) management accounts of each Borrower in a format approved by the Facility Agent which show the results of the operation of each Ship during the preceding financial quarter year.

### **21.3 Compliance Certificate**

- (a) The Parent Guarantor shall supply to the Facility Agent, with each set of financial statements delivered pursuant to paragraph (a)(ii) or (b)(ii) of Clause 21.2 ( *Financial statements* ), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 22 ( *Financial Covenants* ) as at the date as at which those financial statements were drawn up.
- (b) Each Compliance Certificate shall be signed by an officer of the Parent Guarantor and, if required to be delivered with the financial statements delivered pursuant to paragraph (a)(ii) of Clause 21.2 ( *Financial statements* ).

### **21.4 Requirements as to financial statements**

- (a) Each set of financial statements delivered by a Borrower pursuant to Clause 21.2 ( *Financial statements* ) shall be certified by an officer of the relevant company as fairly representing its financial condition as at the date as at which those financial statements were drawn up,
- (b) The Borrowers shall procure that each set of financial statements delivered pursuant to Clause 21.2 ( *Financial statements* ) is prepared using GAAP.
- (c) The Borrowers shall procure that each set of financial statements of an Obligor delivered pursuant to Clause 21.2 ( *Financial statements* ) is prepared using GAAP, accounting practices and financial reference periods which are in effect as at the date of this Agreement unless, in relation to any set of financial statements, it notifies the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors (or, if appropriate, the auditors of the Obligor) deliver to the Facility Agent:
  - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which that Obligor's previous financial statements were prepared; and
  - (ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether Clause 22 ( *Financial Covenants* ) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and that Obligor's previous financial statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the previous financial statements were prepared.

#### **21.5 Information: miscellaneous**

Each Obligor shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

- (a) following the occurrence of an Event of Default, all documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings (including proceedings relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly, such further information and/or documents regarding:
  - (i) each Ship, its Earnings and its Insurances;
  - (ii) the Charged Property;
  - (iii) compliance of the Transaction Obligors with the terms of the Finance Documents;
  - (iv) the financial condition, business and operations of any member of the Group,as any Finance Party (through the Facility Agent) may reasonably request; and
- (d) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it (including, without limitation, compliance with FATCA).

#### **21.6 Notification of default**

- (a) Each Obligor shall notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent, each Borrower shall supply to the Facility Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

#### **21.7 Use of websites**

- (a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the “**Website Lenders**”) which accept this method of communication by posting this information onto an electronic website designated by the Borrowers and the Facility Agent (the “**Designated Website**”) if:
  - (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
  - (ii) both the relevant Obligor and the Facility Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the relevant Obligor and the Facility Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

(b) The Facility Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Obligors or any of them and the Facility Agent.

(c) An Obligor shall promptly upon becoming aware of its occurrence notify the Facility Agent if:

- (i) the Designated Website cannot be accessed due to technical failure;
- (ii) the password specifications for the Designated Website change;
- (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
- (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended;  
or
- (v) if that Obligor becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If an Obligor notifies the Facility Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Obligors under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

(d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Obligors shall comply with any such request within 10 Business Days.

## **21.8 “ Know your customer ” checks**

(a) If:

- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
- (ii) any change in the status of an Obligor after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges a Finance Party (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it or if a Finance Party requires information to comply with its own internal guidelines from time to time relating to such Finance Party’s knowledge of its customers, each Obligor shall promptly upon the request of any Finance Party supply, or procure the supply of, such documentation and other evidence

as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws, regulations and internal guidelines pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws, regulations and internal guidelines pursuant to the transactions contemplated in the Finance Documents.
- (c) Following the Private Placement, the Parent Guarantor shall, if relevant, provide the Facility Agent with a copy of the joint venture or shareholders agreement between the shareholders in the Parent Guarantor **Provided that** at no time shall any kind of shareholder agreement or joint venture agreement between the Existing Shareholders and Seacor and/or the Purchaser or any of its other Subsidiaries be permitted pursuant to the terms of this Agreement.

## 22 FINANCIAL COVENANTS

### 22.1 Parent Guarantor’s Financial Covenants

The Parent Guarantor undertakes that at all times throughout the Security Period:

- (a) the Minimum Shareholders’ Funds shall not be less than \$85,000,000;
- (b) the Gearing Ratio shall not be higher than 150%;
- (c) the Debt Service Coverage Ratio shall not be higher than:
  - (i) for the period from the date of this Agreement until 31 December 2013, 0.75:1.0;
  - (ii) the period from 1 January 2014 to 31 December 2014, 0.8:1.0; and
  - (iii) for the period from 1 January 2015 until the end of the Security Period, 1.0:1.0;
- (d) it shall maintain on the last day of each Accounting Period in bank accounts held with the Facility Agent and which are free from any Security (other than Security created by or are connected with this Agreement and the other Finance Documents) minimum cash balances of no less than \$10,000,000 (the “**Minimum Amount**”), excluding cash balances held by the Parent Guarantor and/or any other member of the Group in bank accounts with the Facility Agent for the purposes of compliance with minimum liquidity requirements under, or in connection with, other facility agreements entered into by the Facility Agent with other members of the Group or any guarantees given by the Parent Guarantor in favour of the Facility Agent in respect of such facility agreements **Provided that**
  - (i) such test is no longer applicable if the Debt Service Coverage Ratio is 1.0:1.0; and
  - (ii) for the avoidance of doubt, any amounts exceeding the Minimum Amount may be held with any other Lender or bank (other than the Facility Agent); and
- (e) the Parent Obligor shall maintain from the Utilisation Date and at all times on the Minimum Liquidity Account, free from any Security (other than Security created by or are connected with this Agreement and the other Finance Documents) a minimum cash balance of no less than \$1,500,000 per Ship then subject to a Mortgage.

## 22.2 Calculation of Financial Covenants

The calculation of the covenants in Clause 22.1 shall be determined on a consolidated basis by reference to the financial statements (the “**Financial Statements**”) of the Group to be delivered to the Facility Agent pursuant to Clauses 21.2(a) and 21.2(b)(ii) and in Clause 22.1 the following expressions have the following meanings:

“**Accounting Information**” means (a) the annual audited consolidated financial statements of the Group and (b) the quarterly unaudited consolidated financial statements of the Group, each as provided or (as the context may require) to be provided to the Facility Agent in accordance with clause 21.2 (*Financial Statements*);

“**Accounting Period**” means (a) each financial year of the Parent Guarantor and (b) each financial quarter of each financial year of the Parent Guarantor, for which Accounting Information is required to be delivered pursuant to this Agreement;

“**Applicable Accounting Principles**” means the most recent and up-to-date GAAP applicable at any relevant time;

“**Debt**” means, as of the last day of an Accounting Period or on any other day, the aggregate amount of Financial Indebtedness owed by the members of the Group (other than any Financial Indebtedness owing by any member of the Group to another member of the Group) less any cash, time deposits, restricted cash (other than those which are restricted in connection with contingent/off—balance sheet obligations) and long term investments, as stated in the then most recent and relevant Accounting Information;

“**Debt Service Coverage Ratio**” means as at the end of each Accounting Period, cash generated from operations (as defined in the Financial Statements) before interest costs and cash interest rate swap costs divided by the average debt capital payments or the Rolling Four Quarter Period ending on such day, cash interest costs and cash interest rate swap costs;

“**Fleet Market Value**” means, as of the date of calculation, the aggregate Market Value of the Fleet Vessels as most recently determined pursuant to valuations obtained and made in accordance with Clause 26 of this Agreement; and

“**Gearing Ratio**” means Debt divided by Minimum Shareholder’s Funds in respect of the Rolling Four Quarter Period ending on such day, each as stated in the then most recent and relevant Accounting Information

“**Minimum Shareholder’s Funds**” means, as of the date of calculation, the shareholder’s funds as disclosed in the Financial Statements reduced by an amount equal by which the Fleet Market Value exceeds the net book value of the Fleet Vessels as disclosed in the Financial Statements,

“**Rolling Four Quarter Period**” means, as of the last day of an Accounting Period or on any other day, the twelve-month period ending on such day.

## 22.3 Accounts on which Financial Covenants are to be tested

Compliance with the undertakings contained in Clause 22.1 shall be determined by reference to the unaudited consolidated accounts for the first three 3-month periods in each financial year of the Parent Guarantor and, for the final 3-month period in each financial year of the Parent Guarantor, by reference to the unaudited consolidated amounts for that quarter and the audited consolidated accounts for that financial year of the Group delivered to the Facility Agent pursuant to Clause 21.2(a)(i) of this Agreement.

## **23 GENERAL UNDERTAKINGS**

### **23.1 General**

The undertakings in this Clause 23 ( *General Undertakings* ) remain in force throughout the Security Period except as the Facility Agent acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

### **23.2 Authorisations**

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Facility Agent of any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of each Ship to enable it to:
  - (i) perform its obligations under the Transaction Documents to which it is a party;
  - (ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of each Ship of any Transaction Document to which it is a party; and
  - (iii) own and operate each Ship (in the case of the Borrowers).

### **23.3 Compliance with laws**

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

### **23.4 Environmental compliance**

Each Obligor shall, and shall procure that each other Transaction Obligor will:

- (a) comply with all Environmental Laws;
  - (b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;
  - (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,
- where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **23.5 Environmental claims**

Each Obligor shall, and shall procure that each other Transaction Obligor will, (through the Parent Guarantor), promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

### **23.6 Taxation**

- (a) Each Obligor shall and shall procure that each other Transaction Obligor will, pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
  - (ii) adequate reserves are maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 21.2 ( *Financial statements* ); and
  - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) No Obligor shall change its residence for Tax purposes.

### **23.7 Overseas companies**

Each Obligor shall promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

### **23.8 Pari passu ranking**

Each Obligor shall, and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

### **23.9 Title**

- (a) From the Utilisation Date of each of Borrower A, Borrower B and Borrower C shall hold the legal title to, and own the entire beneficial interest in Ship A, Ship B and Ship C, its Earnings and its Insurances as relevant;
- (b) Borrower D as the assignee of the Purchaser shall hold the legal title to, and own the entire beneficial interest in:
- (i) each Pre-delivery Contract;
  - (ii) with effect from the Delivery Date, Ship D, its Earnings and its Insurances.
- (c) With effect on and from its creation or intended creation, each Borrower shall hold the legal title to, and own the entire beneficial interest in any other assets the subject of any Transaction Security created or intended to be created by it.

### **23.10 Negative pledge**

- (a) No Borrower shall create or permit to subsist any Security over any of its assets which are the subject of the Security created or intended to be created by the Finance Documents.
- (b) No Borrower shall:
- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor;

- (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

- (c) Paragraphs (a) and (b) above do not apply to any Permitted Security.

### **23.11 Disposals**

- (a) No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation any Ship, its Earnings or its Insurances).
- (b) Paragraph (a) above does not apply to any charter of a Ship to which Clause 25.15 (*Restrictions on chartering, appointment of managers etc .*) applies.

### **23.12 Merger**

No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will, enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

### **23.13 Change of business**

- (a) The Parent Guarantor shall procure that no substantial change is made to the general nature of the business of the Parent Guarantor or the Group from that carried on at the date of this Agreement.
- (b) No Borrower shall engage in any business other than the ownership and operation of its Ship.

### **23.14 Financial Indebtedness**

No Borrower shall, and the Borrower shall procure that no Transaction Obligor (other than the Parent Guarantor) will, incur or permit to be outstanding any Financial Indebtedness except Permitted Financial Indebtedness.

### **23.15 Expenditure**

No Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing its Ship and the administration and operation of the Transaction Obligors.

### **23.16 Limited liability company agreement**

- (a) No Borrower shall permit:
  - (i) its certificate of formation or limited liability company agreement to be amended or modified; or
  - (ii) appoint any further officer of that Borrower.

### **23.17 Dividends**

- (a) No Borrower shall make or pay any dividend or other distribution.
- (b) The Parent Guarantor shall not declare or pay any dividend or make any other form of distribution in respect of any financial year during the Security Period in excess of the Parent Guarantor's free cash flow in respect of that financial year if at the relevant time an Event of Default has occurred and is continuing or would result from the making of such dividend or distribution.

### **23.18 Accounts**

No Borrower shall open or maintain any account with any bank or financial institution except its Operating Account and accounts with the Facility Agent or the Security Agent for the purposes of the Finance Documents.

### **23.19 Other transactions**

No Borrower shall, or in the case of paragraph (d) below, no Obligor shall:

- (a) be the creditor in respect of any loan or any form of credit to any person other than another Obligor and where such loan or form of credit is Permitted Financial Indebtedness;
- (b) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which that Obligor assumes any liability of any other person other than any guarantee or indemnity given under the Finance Documents.
- (c) enter into any material agreement other than:
  - (i) the Transaction Documents;
  - (ii) any other agreement expressly allowed under any other term of this Agreement; and
- (d) enter into any transaction on terms which are, in any respect, less favourable to that Obligor than those which it could obtain in a bargain made at arms' length; or
- (e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

### **23.20 Unlawfulness, invalidity and ranking; Security imperilled**

No Obligor shall and the Obligors shall procure that no other Transaction Obligor will, do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful for an Obligor to perform any of its obligations under the Transaction Documents;
- (b) cause any obligation of an Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable if that cessation individually or together with any other cessations materially or adversely affects the interests of the Secured Parties under the Finance Documents;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

### 23.21 Further assurance

- (a) Each Obligor shall (and the Parent Guarantor shall procure that each member of the Group and any other Transaction Obligor will) promptly, and in any event within the time period specified by the Security Agent do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Agent may specify (and in such form as the Security Agent may require in favour of the Security Agent or its nominee(s)):
- (i) to create, perfect, vest in favour of the Security Agent or protect the priority of the Security or any right or any kind created or intended to be created under or evidenced by the Finance Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Security Agent, any Receiver or the Secured Parties provided by or pursuant to the Finance Documents or by law;
  - (ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;
  - (iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or
  - (iv) to enable or assist the Security Agent to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.
- (b) Each Obligor shall, and shall procure that each other Transaction Obligor will, take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to the Finance Documents.
- (c) At the same time as a Transaction Obligor delivers to the Security Agent any document executed under this Clause 23.21 ( *Further assurance* ), that Transaction Obligor shall deliver to the Security Agent a certificate signed by two of that Transaction Obligor's directors or officers which shall:
- (i) set out the text of a resolution of that Transaction Obligor's directors specifically authorising the execution of the document specified by the Security Agent; and
  - (ii) state that either the resolution was duly passed at a meeting of the directors validly convened and held, throughout which a quorum of directors entitled to vote on the resolution was present, or that the resolution has been signed by all the directors of officers and is valid under that Transaction Obligor's articles of association or other constitutional documents.

### 23.22 Newbuilding Cash Collateral

- (a) The Borrowers shall ensure that a cash balance the (“ **Newbuilding Cash Collateral** ”) is deposited on the Newbuilding Cash Account in the following amounts:

- (i) from the date of the Private Placement until the date of payment of the second (steel cutting) instalment under the Shipbuilding Contract on or around 30 October 2013 (the “ **Second Pre-delivery Instalment Date** ”), \$66,538,170;
  - (ii) from the date of the Second Pre-delivery Instalment Date until the date of payment of the third (keel cutting) instalment under the Shipbuilding Contract on or around 30 March 2014 (the “ **Third Pre-Delivery Instalment Date** ”), \$59,145,040;
  - (iii) from the date of the Third Pre-delivery Instalment Date until the date of payment of the fourth (launching) instalment under the Shipbuilding Contract on or around 30 June 2014 (the “ **Fourth Pre-Delivery Instalment Date** ” and, together with the Second Pre-Delivery Instalment Date and the Third Pre-delivery Instalment Date, the “ **Shipbuilding Contract Instalment Dates** ”), \$51,751,910;
  - (iv) from the date of the Fourth Pre-delivery Instalment Date until the Delivery Date \$44,358,780; and
  - (v) following the Delivery Date, nil,
- (b) The Borrowers may with the prior written consent of the Facility Agent, acting on the instructions of the Majority Lenders, negotiate with the Builder that the Shipbuilding Contract Instalment Dates may be brought forward in consideration of a reduction in the Contract Price and the Newbuilding Cash Collateral reduced accordingly **Provided that** at no time before the Delivery Date shall the Newbuilding Cash Collateral fall below \$29,572,520.
- (c) Upon the occurrence of an “enforcement event” (as defined in the *Financial Collateral arrangements (no 2) Regulations 2003* as amended by the *Financial Markets and Insolvency ( Settlement Finality and Financial Collateral Arrangements ( amendments ) 2010* ) and/or any sanctions, freezing provisions, prohibitions or other restrictions prohibiting any payments or withdrawals from the Newbuilding Cash Account, whether through the operation of netting or set-off or otherwise, the obligations of: (i) the Facility Agent to repay to the Borrowers all the funds deposited in the Newbuilding Cash Account; and (ii) the Borrowers to pay or repay the Loan to the Lender, are automatically accelerated and become immediately due and expressed as obligations to pay and an account is taken of what is due from each party to the other in respect of such obligations and the net sum equal to the balance of the account is payable by the party from whom the larger amount is due to the other party.

## 24 INSURANCE UNDERTAKINGS

### 24.1 General

The undertakings in this Clause 24 ( *Insurance Undertakings* ) remain in force from the date of this Agreement throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

### 24.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at its expense against:

- (a) fire and usual marine risks (including hull and machinery and excess risks);
- (b) war risks;
- (c) protection and indemnity risks; and
- (d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices and other circumstances prevailing at the

relevant time, it would be reasonable for that Borrower to insure and which are specified by the Facility Agent by notice to that Borrower.

### **24.3 Terms of obligatory insurances**

Each Borrower shall effect such insurances:

- (a) in dollars;
- (b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:
  - (i) when aggregated with such insurances in respect of the other Ships then subject to a Mortgage, an amount which is 120 per cent, of the aggregate of the Loan;
  - (ii) the Market Value of that Ship;
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;
- (d) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship;
- (e) on approved terms; and
- (f) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

### **24.4 Further protections for the Finance Parties**

In addition to the terms set out in Clause 24.3 ( *Terms of obligatory insurances* ), each Borrower shall procure that the obligatory insurances effected by it shall:

- (a) subject always to paragraph (b), name that Borrower as the sole named assured unless the interest of every other named assured is limited:
  - (i) in respect of any obligatory insurances for hull and machinery and war risks;
    - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
    - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
  - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named assured has undertaken in writing to the Security Agent (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named assured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

- (b) whenever the Facility Agent requires, name (or be amended to name) the Security Agent as additional named assured for its rights and interests, warranted no operational interest and

with full waiver of rights of subrogation against the Security Agent, but without the Security Agent thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

- (c) name the Security Agent as loss payee with such directions for payment as the Facility Agent may specify;
- (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;
- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and
- (f) provide that the Security Agent may make proof of loss if that Borrower fails to do so,

#### **24.5 Renewal of obligatory insurances**

Each Borrower shall:

- (a) at least 21 days before the expiry of any obligatory insurance effected by it:
  - (i) notify the Facility Agent of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which it proposes to renew that obligatory insurance and of the proposed terms of renewal; and
  - (ii) obtain the Facility Agents' approval to the matters referred to in paragraph (a) (i) above;
- (b) at least 14 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and
- (c) procure that the approved brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

#### **24.6 Copies of policies; letters of undertaking**

Each Borrower shall ensure that the Approved Brokers provide the Security Agent with:

- (a) pro forma copies of all policies relating to the obligatory insurances which they are to effect or renew; and
- (b) a letter or letters or undertaking in a form required by the Facility Agent and including undertakings by the Approved Brokers that:
  - (i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 24.4 ( *Further protections for the Finance Parties* );
  - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with such loss payable clause;
  - (iii) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;

- (iv) they will, if they have not received notice of renewal instructions from the relevant Borrower or its agents, notify the Security Agent not less than 14 days before the expiry of the obligatory insurances;
- (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Facility Agent of the terms of the instructions;
- (vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts; and
- (vii) they will arrange for a separate policy to be issued in respect of the Ship owned by that Borrower forthwith upon being so requested by the Facility Agent.

#### **24.7 Copies of certificates of entry**

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provide the Security Agent with:

- (a) a certified copy of the certificate of entry for that Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Facility Agent acting on the instructions of Majority Lenders; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

#### **24.8 Deposit of original policies**

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

#### **24.9 Payment of premiums**

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Facility Agent or the Security Agent.

#### **24.10 Guarantees**

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

#### **24.11 Compliance with terms of insurances**

- (a) No Borrower shall do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.
- (b) Without limiting paragraph (a) above, each Borrower shall:

- (i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in paragraph (b)(iii) of Clause 24.6 ( *Copies of policies; letters of undertaking* )) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Facility Agent has not given its prior approval;
- (ii) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;
- (iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and
- (iv) not employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

#### **24.12 Alteration to terms of insurances**

No Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

#### **24.13 Settlement of claims**

Each Borrower shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

#### **24.14 Provision of copies of communications**

Each Borrower shall provide at the request of the Security Agent with copies of all written communications between that Borrower and:

- (a) the Approved Brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters,

which relate directly or indirectly to:

- (i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
- (ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

## 24.15 Provision of information

Each Borrower shall promptly provide the Facility Agent (or any persons which it may designate) with any information which the Facility Agent (or any such designated person) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 24,16 ( *Mortgagee's interest and additional perils insurances* ) or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

## 24.16 Mortgagee's interest and additional perils insurances

- (a) The Security Agent shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance each in an amount equal to 120 per cent, of the aggregate of (i) the Loan and (ii) any Swap Exposure, on such terms, through such insurers and generally in such manner as the Security Agent acting on the instructions of the Majority Lenders may from time to time consider appropriate.
- (b) The Borrowers shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

## 25 GENERAL SHIP UNDERTAKINGS

### 25.1 General

The undertakings in this Clause 25 ( *General Ship Undertakings* ) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

### 25.2 Ships' names and registration

Each Borrower shall, in respect of the Ship owned by it:

- (a) keep that Ship registered in its name under the Approved Flag from time to time at its port of registration;
- (b) not do or allow to be done anything as a result of which such registration might be suspended, cancelled or imperilled; and
- (c) not change the name of that Ship,

**provided that** any change of flag of a Ship shall be subject to:

- (i) that Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on that Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage on that Ship and related Deed of Covenant and on such other terms and in such other form as the Facility

Agent, acting with the authorisation of the Majority Lenders, shall approve or require; and

- (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require.

### **25.3 Repair and classification**

Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

- (a) consistent with first class ship ownership and management practice; and
- (b) so as to maintain the Approved Classification free of recommendations and conditions save those notified to and approved in writing the Facility Agent or by the Classification Society.

### **25.4 Classification society undertaking**

If required by the Facility Agent in writing each Borrower shall, in respect of the Ship owned by it, instruct the relevant Approved Classification Society (and procure that that classification society undertakes with the Security Agent):

- (a) to send to the Security Agent, following receipt of a written request from the Security Agent, certified true copies of all original class records held by the Approved Classification Society in relation to that Ship;
- (b) to allow the Security Agent (or its agents), at any time and from time to time, to inspect the original class and related records of that Borrower and that Ship at the offices of the Approved Classification Society and to take copies of them;
- (c) to notify the Security Agent immediately in writing if the Approved Classification Society:
  - (i) receives notification from that Borrower or any person that that Ship's classification society is to be changed; or
  - (ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower or that Ship's membership of that classification society;
- (d) following receipt of a written request from the Security Agent:
  - (i) to confirm that that Borrower is not in default of any of its contractual obligations or liabilities to the Approved Classification Society, including confirmation that it has paid in full all fees or other charges due and payable to the Approved Classification Society; or
  - (ii) to confirm that that Borrower is in default of any of its contractual obligations or liabilities to the Approved Classification Society, to specify to the Security Agent in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by that classification society.

### **25.5 Modifications**

No Borrower shall make any modification or repairs to, or replacement of, any Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

## **25.6 Removal and installation of parts**

- (a) Subject to paragraph (b) below, no Borrower shall remove any material part of any Ship, or any item of equipment installed on any Ship unless:
- (i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;
  - (ii) is free from any Security in favour of any person other than the Security Agent; and
  - (iii) becomes, on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage on that Ship and the related Deed of Covenant.
- (b) A Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by that Borrower.

## **25.7 Surveys**

Each Borrower shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent acting on the instructions of the Majority Lenders, provide the Facility Agent, with copies of all survey reports.

## **25.8 Inspection**

Each Borrower shall permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.

## **25.9 Prevention of and release from arrest**

- (a) Each Borrower shall, in respect of the Ship owned by it, promptly discharge:
- (i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against that Ship, its Earnings or its Insurances;
  - (ii) all Taxes, dues and other amounts charged in respect of that Ship, its Earnings or its insurances; and
  - (iii) all other outgoings whatsoever in respect of that Ship, its Earnings or its insurances.
- (b) Each Borrower shall immediately and, forthwith upon receiving notice of the arrest of the Ship owned by it or of its detention in exercise or purported exercise of any lien or claim, procure its release by providing bail or otherwise as the circumstances may require.

## **25.10 Compliance with laws etc.**

Each Borrower shall:

- (a) comply, or procure compliance with all applicable laws or regulations:
- (i) relating to its business generally; and
  - (ii) relating to the Ship owned by it, its ownership, employment, operation, management and registration,

including the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;

- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environment Approvals; and
- (c) without limiting paragraph (a) above, not employ the Ship owned by it nor allow its employment, operation or management in any manner contrary to any law or regulation including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions.

#### **25.11 ISPS Code**

Without limiting paragraph (a) of Clause 25.10 ( *Compliance with laws etc.* ), each Borrower shall:

- (a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain an ISSC for that Ship; and
- (c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

#### **25.12 Trading in war zones**

In the event of hostilities in any part of the world (whether war is declared or not), no Borrower shall cause or permit any Ship to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless:

- (a) the prior written consent of the Security Agent acting on the instructions of the Majority Lenders has been given; and
- (b) that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Agent acting on the instructions of the Majority Lenders may require.

#### **25.13 Provision of information**

Without prejudice to Clause 21.5 ( *Information: miscellaneous* ) each Borrower shall, in respect of the Ship owned by it, promptly provide the Facility Agent with any information which it requests regarding:

- (a) that Ship, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to its master and crew;
- (c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made by it in respect of that Ship;
- (d) any towages and salvages; and
- (e) its compliance, the Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,

and, upon the Facility Agent's request, provide copies of any current charter relating to that Ship, of any current guarantee of any such charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

#### **25.14 Notification of certain events**

Each Borrower shall, in respect of the Ship owned by it, immediately notify the Facility Agent by fax, confirmed forthwith by letter of:

- (a) any casualty to that Ship which is or is likely to be or to become a Major Casualty;
- (b) any occurrence as a result of which that Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of that Ship for hire;
- (d) any requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority which is not immediately complied with;
- (e) any arrest or detention of that Ship, any exercise or purported exercise of any lien on that Ship or the Earnings or any requisition of that Ship for hire;
- (f) any intended dry docking of that Ship;
- (g) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;
- (h) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, an Approved Manager or otherwise in connection with that Ship; or
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and each Borrower shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall require as to that Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

#### **25.15 Restrictions on chartering, appointment of managers etc.**

No Borrower shall, in relation to the Ship owned by it:

- (a) let that Ship on demise charter for any period;
- (b) enter into any time or consecutive voyage charter in respect of that Ship other than a Permitted Charter;
- (c) appoint a manager of that Ship other than an Approved Manager or agree to any alteration to the terms of an Approved Manager's appointment;
- (d) de activate or lay up that Ship; or
- (e) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,500,000 (or the equivalent in any other currency) unless that person has first given to the Security Agent and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

#### **25.16 Notice of Mortgage**

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first priority or preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room

and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Agent.

**25.17 Sharing of Earnings**

No Borrower shall enter into any agreement or arrangement for the sharing of any Earnings.

**25.18 Notification of compliance**

Each Borrower shall promptly provide the Facility Agent from time to time with evidence (in such form as the Facility Agent requires) that it is complying with this Clause 25 ( *General Ship Undertakings* ).

**25.19 Charter Assignment**

Subject to Clause 25.15 ( *Restrictions on chartering, appointment of managers etc.* ), if a Borrower enters into an Approved Charter in respect of its Ship at any time during the Security Period, it shall provide the Facility Agent with a certified copy of that Approved Charter and any supporting guarantee and, upon the same being entered into, that Borrower shall enter into an Approved Charter Assignment in favour of the Security Agent in respect of such Approved Charter and any charter guarantee and such assignment shall thereafter constitute an "Approved Charter Assignment" for the purpose of this Agreement.

**26 PRE-DELIVERY SHIP UNDERTAKINGS**

The undertakings in this Clause 26 ( *Pre-delivery Ship Undertakings* ) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

**26.1 Performance of Pre-delivery Contracts**

Borrower D shall:

- (a) procure that the Purchaser shall observe and perform all its obligations and meet all its liabilities under or in connection with each Pre-delivery Contract;
- (b) use its best endeavours to ensure performance and observance by the other parties of their obligations and liabilities under each Pre-delivery Contract; and
- (c) take any action, or refrain from taking any action, or procure that the Purchaser shall take any action, or refrain from taking any action, which the Facility Agent may specify in connection with any breach, or possible future breach, of a Pre-delivery Contract by that Borrower or any other party or with any other matter which arises or may later arise out of or in connection with a Pre-delivery Contract.

**26.2 No variation, release etc. of Pre-delivery Contracts**

Borrower D shall not and shall procure the Purchaser shall not, whether by a document, by conduct, by acquiescence or in any other way;

- (a) vary any Pre-delivery Contract;
- (b) release, waive, suspend or subordinate or permit to be lost or impaired any interest or right of any kind which that Borrower has at any time to, in or in connection with each of the Pre-delivery Contracts or in relation to any matter arising out of or in connection with any Pre-delivery Contract;
- (c) waive any person's breach of any Pre-delivery Contract; or

- (d) rescind or terminate any Pre-delivery Contract or treat itself as discharged or relieved from further performance of any of its obligations or liabilities under a Pre-delivery Contract.

### **26.3 Action to protect validity of Pre-delivery Contracts**

Borrower D shall use its best endeavours to ensure that all interests and rights conferred by each Pre-delivery Contract remain valid and enforceable in all respects and retain the priority which they were intended to have.

### **26.4 Provision of information relating to Pre-delivery Contracts**

Without prejudice to Clause 21.5, Borrower D shall:

- (a) immediately inform the Facility Agent if any breach of any Pre-delivery Contract occurs or a serious risk of such a breach arises and of any other event or matter affecting a Pre-delivery Contract which has or is reasonably likely to have a Material Adverse Effect;
- (b) provide the Facility Agent, promptly after service, with copies of all notices served on or by Borrower D and/or the Purchaser under or in connection with any Pre-delivery Contract; and
- (c) provide the Facility Agent with any information which it requests about any interest or right of any kind which that Borrower has at any time to, in or in connection with each of the Pre-delivery Contracts or in relation to any matter arising out of or in connection with any Pre-delivery Contract including the progress of the construction of Ship D.

## **27 SECURITY COVER**

### **27.1 Minimum required security cover**

Clause 27.2 applies if the Facility Agent notifies the Borrowers that the aggregate Market Value of each Ship then subject to a Mortgage is:

- (a)
  - (i) and when added with the amount of the Newbuilding Cash Collateral A, for the period between the date of this Agreement and the date when the Newbuilding Cash Collateral has been credited to the Newbuilding Cash Account, 120 per cent; and
  - (ii) at all times thereafter and when added with the amount of the Newbuilding Cash Collateral A, 125 per cent.; or
- (b) following the release of Borrower D (or another Borrower) in accordance with the terms of Clause 18.6 ( *Release of Borrower D* ), 175 per cent.

of, in each case, the aggregate of (1) the Loan and (2) any Swap Exposure **Provided that** for the purposes of this Clause 27.1 ( *Minimum required security cover* ) only 50 per cent, the Swap Exposure will be taken into such calculation prior to 30 September 2014, unless Borrower D or, in its place, any of the other Borrowers has been released from its obligations pursuant to Clause 18.6 ( *Release of Borrower D* ) in which case the full 100 per cent, of the Swap Exposure will be taken into such calculation and, for the avoidance of doubt, at all times after 30 September 2014 the full 100 per cent, of the Swap Exposure shall apply in any event.

### **27.2 Prepayment**

If the Facility Agent serves a notice on the Borrowers under Clause 27.1 ( *Minimum required security cover* ), the Borrowers shall, on or before the date falling one month after the date

on which the Facility Agent's notice is served prepay such part of the Loan as shall eliminate the shortfall.

### **27.3 Valuations binding**

Any valuation under this Clause 27 ( *Security Cover* ) shall be binding and conclusive as regards each Borrower.

### **27.4 Provision of information**

- (a) Each Borrower shall promptly provide the Facility Agent and any shipbroker acting under this Clause 27 ( *Security Cover* ) with any information which the Facility Agent or the shipbroker may request for the purposes of the valuation.
- (b) If a Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the shipbroker or the Facility Agent considers prudent.

### **27.5 Prepayment mechanism**

Any prepayment pursuant to Clause 27.2 ( *Prepayment* ) shall be made in accordance with the relevant provisions of Clause 7 ( *Prepayment* ).

### **27.6 Provision of valuations**

Each Borrower shall at its own cost provide the Facility Agent with a valuation of the Ship owned by it from an Approved Valuer selected by the Facility Agent, to enable the Facility Agent to determine the Market Value of that Ship **Provided that** if the Borrower disagrees with such valuation, the Borrower may, at its own cost, appoint a second Approved Valuer and the valuation shall be the average of both such valuations.

## **28 APPLICATION OF EARNINGS AND NEWBUILDING CASH COLLATERAL**

### **28.1 Payment of Earnings**

- (a) Each Borrower shall ensure that,
  - (i) subject only to the provisions of the General Assignment, all the Earnings in respect of the Ship owned by it are paid in to its Operating Account; and
  - (ii) all payments by a Hedge Counterparty to that Borrower under a Hedging Agreement are paid to the applicable Operating Account.
- (b) Any amounts standing to the credit of the Operating Account shall, provided that the foregoing provisions of this Clause 28 shall have been complied with and provided that no Event of Default shall have occurred, be available to the relevant Borrower for effecting all payments permitted under this Agreement.

### **28.2 Release from the Newbuilding Cash Account**

Any credit balance on the Newbuilding Cash Account shall remain on the Newbuilding Cash Account and shall only be released to the Operating Account of Borrower D:

- (a) either:
  - (i) on the date of wire transfer of the relevant Shipbuilding Contract Instalment Date; or

- (ii) on the Delivery Date (or 3 Business Days in advance of the Delivery Date in accordance with the requirements of the Shipbuilding Contract),

in each case in order to pay the relevant amount then due and payable to the Builder under the Shipbuilding Contract and upon the presentation of evidence satisfactory to the Facility Agent that such instalment is so due and payable; or

- (b) to purchase another vessel approved in writing by the Facility Agent pursuant to the provisions of Clause 7.4; or
- (c) following the Delivery Date, the delivery of Ship D to Borrower D and the registration of the relevant Mortgage, for the use of Borrower D,

### **28.3 Location of accounts**

Each Borrower shall promptly:

- (a) comply with any requirement of the Facility Agent as to the location or relocation of any Account; and
- (b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts.

## **29 EVENTS OF DEFAULT**

### **29.1 General**

Each of the events or circumstances set out in this Clause 29 (*Events of Default*) is an Event of Default except for Clause 29.19 (*Acceleration*) and Clause 29.20 (*Enforcement of security*).

### **29.2 Non-payment**

An Obligor does not pay within two Business Days of the due date (or, in the case of sums expressed to be payable on demand, within 3 Business Days of the demand) any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless: its failure to pay is caused by:

- (i) administrative or technical error; or
- (ii) a Disruption Event.

### **29.3 Specific obligations**

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), Clause 22 (*Financial Covenants*), Clause 23.9 (*Title*), Clause 23.10 (*Negative pledge*), Clause 23.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 24.2 (*Maintenance of obligatory insurances*), Clause 24.3 (*Terms of obligatory insurances*), Clause 24.5 (*Renewal of obligatory insurances*) or Clause 27 (*Security Cover*).

### **29.4 Other obligations**

- (a) A Transaction Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 29.2 (*Non-payment*) and Clause 29.3 (*Specific obligations*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 days of the Facility Agent giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

## **29.5 Misrepresentation**

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made or repeated.

## **29.6 Cross default**

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) unless in any such case, such member of the Group is contesting in good faith the validity of its obligation to make such payment and the Borrowers have provided the Facility Agent with satisfactory evidence it has set aside adequate reserves with respect to the amount being claimed of it and to finance any action it is taking to contest such claims.
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described) unless in any such case, such member of the Group is contesting in good faith the validity of its obligation to make such payment and the Borrowers have provided the Facility Agent with satisfactory evidence it has set aside adequate reserves with respect to the amount being claimed of it and to finance any action it is taking to contest such claims.
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described) unless in any such case, such member of the Group is contesting in good faith the validity of its obligation to make such payment and the Borrowers have provided the Facility Agent with satisfactory evidence it has set aside adequate reserves with respect to the amount being claimed of it and to finance any action it is taking to contest such claims.

## **29.7 Insolvency**

- (a) An Obligor is unable or admits inability to pay its debts as they fall due, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

## **29.8 Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group other than a solvent liquidation or reorganisation of any member of the Group which is not a Transaction Obligor;

- (b) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;
  - (c) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or
  - (d) enforcement of any Security over any assets of any member of the Group,
- or any analogous procedure or step is taken in any jurisdiction.

This Clause 29.8 (*Insolvency proceedings*) shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

#### **29.9 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a member of the Group.

#### **29.10 Ownership of the Obligors**

- (a) Following the Private Placement an Obligor (other than the Parent Guarantor) is not or ceases to be a directly owned Subsidiary of the Parent Guarantor.
- (b) Following the Private Placement any person or group of persons acting in concert gains control of the Parent Guarantor.
- (c) For the purpose of paragraph (b) above "control" means:
  - (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
    - (A) cast, or control the casting of, more than  $33\frac{1}{3}$  per cent, of the maximum number of votes that might be cast at a general meeting of the Parent Guarantor; or
    - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent Guarantor; or
    - (C) give directions with respect to the operating and financial policies of the Parent Guarantor with which the directors or other equivalent officers of the Parent Guarantor are obliged to comply; and/or
  - (ii) the holding beneficially of more than 33% per cent, of the issued share capital of the Parent Guarantor (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).
- (d) For the purpose of paragraph (b) above "acting in concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Parent Guarantor.

### **29.11 Unlawfulness, invalidity and ranking**

- (a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.
- (b) Any obligation of a Transaction Obligor under the Finance Documents is not or ceases to be legal, valid, binding or enforceable.
- (c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.
- (d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

### **29.12 Sanctions**

- (a) Any of the Obligors, or any other member of the Group or any Affiliate of any of them becomes a Prohibited Person or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Prohibited Person or any of such persons becomes the owner or controller of a Prohibited Person;
- (b) Any proceeds of any Loan is made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions;
- (c) Any Obligor or other member of the Group or any Affiliate of any of them is not in compliance with all Sanctions.

### **29.13 Security imperilled**

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

### **29.14 Cessation of business**

Any member of the Group suspends or ceases to carry on (or threatens to suspend or ceases to carry on) all or a material part of its business.

### **29.15 Expropriation**

The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets.

### **29.16 Repudiation and rescission of agreements**

A Transaction Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

### **29.17 Litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or

against any member of the Group or its assets which has or is reasonably likely to have a Material Adverse Effect.

**29.18 Material adverse change**

Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

**29.19 Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrowers:

- (a) cancel the Total Commitments, whereupon they shall immediately be cancelled;
- (b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- (c) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders,

and the Facility Agent may serve notices under paragraphs (a), (b) and (c) above simultaneously or on different dates and the Security Agent may take any action referred to in Clause 29.20 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

**29.20 Enforcement of security**

On and at any time after the occurrence of an Event of Default which is continuing the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 29.19 (*Acceleration*), the Security Agent is entitled to take under any Finance Document (but for the avoidance of doubt not under the Accounts Security in relation to the Newbuilding Cash Account solely in respect of the Newbuilding Cash Amount B) or any applicable law or regulation.

**29.21 Default interest upon the Loan**

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrowers declare that from the date such Event of Default occurs and while such Event of Default is continuing interest shall accrue upon the Loan at the default rate and in the manner as set out in Clause 8.3 (*Default interest*).

## SECTION 9

### CHANGES TO PARTIES

#### 30 CHANGES TO THE LENDERS

##### 30.1 Assignments and transfers by the Lenders

Subject to this Clause 30 ( *Changes to the Lenders* ), a Lender (the “ **Existing Lender** ”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “ **New Lender** ”).

##### 30.2 Conditions of assignment or transfer

- (a) An Existing Lender must consult with the Borrowers for no more than five Business Days (during which period the Borrowers may serve notice pursuant to Clause 7.3 ( *Voluntary prepayment of Loan* ), which notice shall be irrevocable, to prepay no later than 10 Business Days of the date of such notice the relevant portion of the Loan which is to be transferred in accordance with and subject to the provisions of Clause 7.3(b) and Clause 7.7 ( *Restrictions* )) before it may make an assignment or transfer in accordance with Clause 30.1 ( *Assignments and transfers by Lenders* ) unless the assignment or transfer is:
  - (i) to another Lender or an Affiliate of a Lender; or
  - (ii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender; or
  - (iii) made at a time when an Event of Default is continuing.
- (b) An assignment will only be effective on:
  - (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it were an Original Lender; and
  - (ii) performance by the Facility Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.
- (c) A transfer will only be effective if the procedure set out in Clause 30.5 ( *Procedure for transfer* ) is complied with.
- (d) If:
  - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 ( *Tax Gross Up and Indemnities* ) or Clause 13 ( *Increased Costs* ),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (f) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

- (e) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

### **30.3 Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee in amount to be agreed between the New Lender and the Facility Agent.

### **30.4 Limitation of responsibility of Existing Lenders**

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;
  - (ii) the financial condition of any Transaction Obligor;
  - (iii) the performance and observance by any Transaction Obligor of its obligations under the Finance Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties and the Secured Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Transaction Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Transaction Security; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of each Transaction Obligor and its related entities throughout the Security Period.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 30 ( *Changes to the Lenders* ); or
  - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Transaction Obligor of its obligations under the Finance Documents or otherwise.

### 30.5 Procedure for transfer

- (a) Subject to the conditions set out in 30.2 ( *Conditions of assignment or transfer* ), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.
- (b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 30.9 ( *Pro rata interest settlement* ), on the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “ **Discharged Rights and Obligations** ”);
  - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
  - (iii) the Facility Agent, the Security Agent, the Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Facility Agent, the Security Agent, the Arranger and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and
  - (iv) the New Lender shall become a Party as a “Lender”.

### 30.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 30.2 ( *Conditions of assignment or transfer* ) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 30.9 ( *Pro rata interest settlement* ), on the Transfer Date:

- (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “ **Relevant Obligations** ”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
  - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 30.6 ( *Procedure for assignment* ) to assign their rights under the Finance Documents (but not without the consent of the relevant Obligor or unless in accordance with Clause 30.5 ( *Procedure for transfer* ), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 30.2 ( *Conditions of assignment or transfer* ).

### **30.7 Copy of Transfer Certificate or Assignment Agreement to Borrowers**

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrowers a copy of that Transfer Certificate or Assignment Agreement.

### **30.8 Security over Lenders’ rights**

In addition to the other rights provided to Lenders under this Clause 30 ( *Changes to the Lenders* ), each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

### **30.9 Pro rata interest settlement**

If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a “pro rata basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 30.5 ( *Procedure for transfer* ) or any assignment pursuant to Clause 30.6 ( *Procedure for assignment* ) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (“ **Accrued Amounts** ”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
- (b) The rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:
  - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
  - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 30.9 ( *Pro rata interest settlement* ), have been payable to it on that date, but after deduction of the Accrued Amounts.

### **31 CHANGES TO THE OBLIGORS**

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

## SECTION 10

### THE FINANCE PARTIES

#### 32 THE FACILITY AGENT AND THE ARRANGER

##### 32.1 Appointment of the Facility Agent

- (a) Each other Finance Party appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each other Finance Party authorises the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

##### 32.2 Duties of the Facility Agent

- (a) Subject to paragraph (b) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (b) Without prejudice to Clause 30.7 ( *Copy of Transfer Certificate or Assignment Agreement to Borrower* ), paragraph (a) above shall not apply to any Transfer Certificate or to any Assignment Agreement.
- (c) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.
- (e) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent or the Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (f) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

##### 32.3 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under, or in connection with, any Finance Document.

##### 32.4 No fiduciary duties

- (a) The Facility Agent shall not have any duties or obligations to any person under the Finance Documents except to the extent that they are expressly set out in the Finance Documents.
- (b) The provisions of paragraph (a) above shall apply even if, notwithstanding and contrary to paragraph (a) above, any provision of this Agreement or any other Finance Document by operation of law has the effect of constituting the Facility Agent as a fiduciary.
- (c) Nothing in the Finance Documents constitutes the Facility Agent or the Arranger a trustee of any other person.

- (d) None of the Facility Agent, the Security Agent nor the Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

### **32.5 Application of receipts**

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 36.5 ( *Application of receipts; partial payments* ).

### **32.6 Business with the Group**

The Facility Agent and the Arranger may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

### **32.7 Rights and discretions of the Facility Agent**

- (a) The Facility Agent may rely on:
- (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
  - (ii) any statement made by a director, officer, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 29.2 ( *Non-payment* ));
  - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
  - (iii) any notice or request made by any Borrower (other than a Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) The Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) The Facility Agent may act in relation to the Finance Documents through its personnel and agents.
- (e) The Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (f) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the Arranger is obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

### **32.8 Majority Lenders' instructions**

- (a) Unless a contrary indication appears in a Finance Document, the Facility Agent shall:
- (i) exercise any right, power, authority or discretion vested in it as Servicing Party in accordance with any instructions given to it by the Majority Lenders (or, if so

instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as a Servicing Party); and

- (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.
- (c) The Facility Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders (or, if appropriate, the Lenders), the Facility Agent shall not be obliged to take any action (or refrain from taking action) (even if it considers acting or not acting to be in the best interests of the Lenders). The Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) The Facility Agent is not authorised to act on behalf of a Lender or Hedge Counterparty (without first obtaining that Lender's or Hedge Counterparty's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceedings relating to the perfection, preservation or protection of rights under the Transaction Security or Finance Documents creating Transaction Security.

### **32.9 Responsibility for documentation**

Neither the Facility Agent nor the Arranger:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Facility Agent, the Arranger, an Obligor or any other person given in, or in connection with, any Transaction Document; or
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Transaction Security or any other agreement, arrangement or document entered into or made or executed in anticipation of, or in connection with, any Transaction Document or the Transaction Security; or
- (c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

### **32.10 Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 36.11 (*Disruption to Payment Systems etc.*)), the Facility Agent will not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party other than the Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and each officer, employee or agent of the Facility Agent may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

- (c) The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (d) Nothing in this Agreement shall oblige the Facility Agent or the Arranger to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Facility Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent or the Arranger.

### **32.11 Lenders’ indemnity to the Facility Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Facility Agent (otherwise than by reason of its gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 36.11 ( *Disruption to Payment Systems etc.* ) notwithstanding the Facility Agent’s negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by an Obligor pursuant to a Finance Document).

### **32.12 Resignation of the Facility Agent**

- (a) The Facility Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other Finance Parties and the Borrowers.
- (b) Alternatively, the Facility Agent may resign by giving 30 days’ notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Facility Agent.
- (c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent (acting through an office in the United Kingdom).
- (d) The retiring Facility Agent shall, at its own cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents.
- (e) The Facility Agent’s resignation notice shall only take effect upon the appointment of a successor.
- (f) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 32 ( *The Facility Agent and the Arranger* ) and any other provisions of a Finance Document which are expressed to limit or exclude its liability in acting as Facility Agent. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (g) After consultation with the Borrowers, the Majority Lenders may, by giving 30 days’ notice to the Facility Agent (or, if applicable, at any time the Facility Agent is an Impaired Facility

Agent, by giving any shorter notice determined by the Majority Lenders) replace the Facility Agent by appointing a successor Facility Agent (acting through an office in the United Kingdom).

- (h) The retiring Facility Agent shall (at its own cost if it is an Impaired Facility Agent and otherwise at the expense of the Lenders) make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents.
- (i) The appointment of the successor Facility Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Facility Agent. As from this date, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 32 (and any agency fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date).
- (j) Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (k) The Facility Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Facility Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Facility Agent under the Finance Documents, either:
  - (i) the Facility Agent fails to respond to a request under Clause 12.7 ( *FATCA Information* ) and a Borrower or a Lender reasonably believes that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
  - (ii) the information supplied by the Facility Agent pursuant to Clause 12.7 ( *FATCA Information* ) indicates that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Facility Agent notifies the Borrowers and the Lenders that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
- (l) and (in each case) the Borrowers or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Facility Agent were a FATCA Exempt Party, and the Borrowers or that Lender, by notice to the Facility Agent, requires it to resign.

### **32.13 Confidentiality**

- (a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Facility Agent other than that division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary none of the Facility Agent, Security Agent or Arranger is obliged to disclose to any other person (i) any

confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

### **32.14 Relationship with the Lenders**

- (a) Subject to Clause 30.9 ( *Pro rata interest settlement* ), the Facility Agent may treat the person shown in its records as Lender or Hedge Counterparty at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office or, as the case may be, the Hedge Counterparty:
- (i) entitled to or liable for any payment due under any Finance Document on that day; and
  - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender or Hedge Counterparty to the contrary in accordance with the terms of this Agreement.

- (b) Each Lender and each Hedge Counterparty shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender and Hedge Counterparty shall deal with the Security Agent exclusively through the Facility Agent and shall not deal directly with the Security Agent.
- (c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 38.5 ( *Electronic communication* )) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 38.2 ( *Addresses* ) and paragraph (a)(iii) of Clause 38.5 ( *Electronic communication* ) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

### **32.15 Credit appraisal by the Lenders**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and Hedge Counterparty confirms to the Facility Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under, or in connection with, any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under, or in connection with, any Finance Document or the Transaction Security, the transactions contemplated by the Finance Documents or any

other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

- (d) the adequacy, accuracy and/or completeness of any other information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

### **32.16 Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent shall (in consultation with the Borrowers) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

### **32.17 Facility Agent's management time**

Any amount payable to the Facility Agent under Clause 14.3 ( *Indemnity to the Servicing Parties* ), Clause 16 ( *Costs and Expenses* ) and Clause 32.11 ( *Lenders' indemnity to the Facility Agent* ) shall include the cost of utilising the Facility Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Facility Agent prior to an Event of Default, may agree with the Borrowers or, following an Event of Default, notify to the Borrowers and the Lenders, and is in addition to any fee paid or payable to the Facility Agent under Clause 11 ( *Fees* ).

### **32.18 Deduction from amounts payable by the Facility Agent**

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

### **32.19 Full freedom to enter into transactions**

Notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

### **33 THE SECURITY AGENT**

#### **33.1 Trust**

- (a) The Security Agent declares that it shall hold the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 33 ( *The Security Agent* ) and the other provisions of the Finance Documents.
- (b) Each of the parties to this Agreement agrees that the Security Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement or in the Finance Documents (and no others shall be implied).
- (c) The Security Agent shall not have any liability to any person in respect of its duties, obligations and responsibilities under this Agreement or the other Finance Documents except as expressly set out in paragraph (a) of Clause 33.1 ( *Trust* ) and as excluded or limited by this Clause 33 ( *The Security Agent* ) including in particular Clause 33.8 ( *Instructions to Security Agent and exercise of discretion* ), Clause 33.13 ( *Responsibility for documentation* ), Clause 33.14 ( *Exclusion of liability* ), Clause 33.16 ( *Lenders' indemnity to the Security Agent* ), Clause 33.23 ( *Business with the Group* ) and Clause 33.29 ( *Full freedom to enter into transactions* ).

#### **33.2 Parallel Debt (Covenant to pay the Security Agent)**

- (a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.
- (b) The Parallel Debt of an Obligor:
  - (i) shall become due and payable at the same time as its Corresponding Debt;
  - (ii) is independent and separate from, and without prejudice to, its Corresponding Debt.
- (c) For purposes of this Clause 33.2 ( *Parallel Debt (Covenant to pay the Security Agent)* ), the Security Agent:
  - (i) is the independent and separate creditor of each Parallel Debt;
  - (ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and
  - (iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).
- (d) The Parallel Debt of an Obligor shall be:
  - (i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and

(ii) increased to the extent that its Corresponding Debt has increased,

and the Corresponding Debt of an Obligor shall be:

(A) decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged; and

(B) increased to the extent that its Parallel Debt has increased,

in each case provided that the Parallel Debt of an Obligor shall never exceed its Corresponding Debt.

- (e) All amounts received or recovered by the Security Agent in connection with this Clause 33.2 ( *Parallel Debt (Covenant to pay the Security Agent)* ) to the extent permitted by applicable law, shall be applied in accordance with Clause 36.5 ( *Application of receipts; partial payments* ).
- (f) This Clause 33.2 ( *Parallel Debt (Covenant to pay the Security Agent)* ) shall apply, with any necessary modifications, to each Finance Document.

### **33.3 No independent power**

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any rights or powers arising under the Finance Documents creating the Transaction Security except through the Security Agent.

### **33.4 Application of receipts**

- (a) Except as expressly stated to the contrary in any Finance Document, any moneys which the Security Agent receives or recovers and which are, or are attributable to, Security Property (for the purposes of this Clause 33, the “ **Recoveries** ”) shall be transferred to the Facility Agent for application in accordance with Clause 36.5 ( *Application of receipts; partial payments* ).
- (b) Paragraph (a) above is without prejudice to the rights of the Security Agent, each Receiver and each Delegate:
- (i) under Clause 14.4 ( *Indemnity to the Security Agent* ) to be indemnified out of the Charged Property; and
- (ii) under any Finance Document to credit any moneys received or recovered by it to any suspense account.
- (c) Any transfer by the Security Agent to the Facility Agent in accordance with paragraph (a) above shall be a good discharge, to the extent of that payment, by the Security Agent.
- (d) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) of this Clause 33.4 ( *Application of receipts* ) in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

### **33.5 Deductions from receipts**

- (a) Before transferring any moneys to the Facility Agent under Clause 33.4 ( *Application of receipts* ), the Security Agent may, in its discretion:
- (i) deduct any sum then due and payable under this Agreement or any other Finance Documents to the Security Agent or any Receiver or Delegate and retain that sum for itself or, as the case may require, pay it to another person to whom it is then due and payable;

- (ii) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
  - (iii) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).
- (b) For the purposes of paragraph (a)(i) above, if the Security Agent has become entitled to require a sum to be paid to it on demand, that sum shall be treated as due and payable, even if no demand has yet been served.

### **33.6 Prospective liabilities**

Following acceleration of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any s Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 36.5 ( *Application of receipts; partial payments* ) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

### **33.7 Investment of proceeds**

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 36.5 ( *Application of receipts; partial payments* ) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of this Clause 33.7 ( *Investment of proceeds* ).

### **33.8 Instructions to Security Agent and exercise of discretion**

- (a) Subject to paragraph (d) below, the Security Agent shall act in accordance with any instructions given to it by the Facility Agent (acting on the instructions of the Majority Lenders or all the Lenders (as appropriate)) or, if so instructed by the Facility Agent (acting on the instructions of the Majority Lenders or all the Lenders (as appropriate)), refrain from exercising any right, power, authority or discretion vested in it as Security Agent and shall be entitled to assume that:
  - (i) any instructions received by it from the Facility Agent (acting on the instructions of the Majority Lenders or all the Lenders (as appropriate)) are duly given in accordance with the terms of the Finance Documents; and
  - (ii) unless it has received actual notice of revocation, that those instructions or directions have not been revoked.
- (b) The Security Agent shall be entitled to request instructions, or clarification of any direction, from the Facility Agent (acting on the instructions of the Majority Lenders or all the Lenders

(as appropriate)) as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers, authorities and discretions and the Security Agent may refrain from acting unless and until those instructions or clarification are received by it.

- (c) Any instructions given to the Security Agent by the Facility Agent (acting on the instructions of the Majority Lenders or all the Lenders (as appropriate)) shall override any conflicting instructions given by any other Party.
- (d) Paragraph (a) above shall not apply:
  - (i) where a contrary indication appears in this Agreement;
  - (ii) where this Agreement requires the Security Agent to act in a specified manner or to take a specified action;
  - (iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the Secured Parties including, without limitation, the provisions set out in Clauses 33.10 ( *Security Agent's discretions* ) to Clause 33.29 ( *Full freedom to enter into transactions* ); and
  - (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of Clause 33.5 ( *Deductions from receipts* ) and Clause 33.6 ( *Prospective liabilities* ).

### **33.9 Security Agent's Actions**

Without prejudice to the provisions of Clause 33.4 ( *Application of receipts* ), the Security Agent may (but shall not be obliged to), in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

### **33.10 Security Agent's discretions**

- (a) The Security Agent may:
  - (i) assume (unless it has received actual notice to the contrary from the Facility Agent) that (i) no Default has occurred and no Obligor is in breach of or default under its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested by any Finance Document in any person has not been exercised;
  - (ii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors;
  - (iii) if it receives any instructions or directions to take any action in relation to the Transaction Security, assume that all applicable conditions under the Finance Documents for taking that action have been satisfied;
  - (iv) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Security Agent or by any other Secured Party) whose advice or services may at any time seem necessary, expedient or desirable;
  - (v) act in relation to the Finance Documents through its personnel and agents;
  - (vi) disclose to any other Party any information it reasonably believes it has received as security agent under this Agreement;

- (vii) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party or an Obligor, upon a certificate signed by or on behalf of that person; and
  - (viii) refrain from acting in accordance with the instructions of any Party (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents) until it has received any indemnification and/or security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.
- (b) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

### **33.11 Security Agent's obligations**

The Security Agent shall promptly:

- (a) copy to the Facility Agent the contents of any notice or document received by it from any Obligor under any Finance Document;
- (b) forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party provided that, except where a Finance Document expressly provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party; and
- (c) inform the Facility Agent of the occurrence of any Default or any default by a Debtor in the due performance of or compliance with its obligations under any Finance Document of which the Security Agent has received notice from any other party to this Agreement.

### **33.12 Excluded obligations**

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security Agent shall not:

- (a) be bound to enquire as to (i) whether or not any Default has occurred or (ii) the performance, default or any breach by a Transaction Obligor of its obligations under any of the Finance Documents;
- (b) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;
- (c) be bound to disclose to any other person (including but not limited to any Secured Party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty;
- (d) have or be deemed to have any relationship of trust or agency with, any Obligor.

### **33.13 Responsibility for documentation**

None of the Security Agent, any Receiver nor any Delegate shall accept responsibility or be liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Agent or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents, or any other

agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property;
- (c) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents, the Security Property or otherwise, whether in accordance with an instruction from the Facility Agent or otherwise unless directly caused by its gross negligence or wilful misconduct;
- (d) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, the Finance Documents or the Security Property; or
- (e) any shortfall which arises on the enforcement or realisation of the Security Property.

### **33.14 Exclusion of liability**

- (a) Without limiting Clause 33.15 (No *proceedings* ), none of the Security Agent, any Receiver or any Delegate will be liable for any action taken by it or not taken by it under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.
- (b) The Security Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (c) Nothing in this Agreement shall oblige the Security Agent to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

### **33.15 No proceedings**

No Party (other than the Security Agent, that Receiver or that Delegate) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 ( *Third party rights* ) and the provisions of the Third Parties Rights Act.

### **33.16 Lenders’ indemnity to the Security Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Security Agent’s, Receiver’s or Delegate’s gross negligence or wilful misconduct) in acting as Security Agent, Receiver or Delegate under the Finance Documents (unless the relevant Security Agent, Receiver or Delegate has been reimbursed by a Transaction Obligor pursuant to a Finance Document).

### **33.17 Own responsibility**

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms to the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy and enforceability of any Finance Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Security Property, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property;
- (d) the adequacy, accuracy and/or completeness of any information provided by the Security Agent or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property,

and each Secured Party warrants to the Security Agent that it has not relied on and will not at any time rely on the Security Agent in respect of any of these matters.

### **33.18 No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Charged Property;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Finance Documents or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Finance Documents or of the Transaction Security;
- (d) take, or to require any of the Transaction Obligors to take, any steps to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under the laws of any jurisdiction; or
- (e) require any further assurances in relation to any of the Finance Documents creating the Transaction Security.

### **33.19 Insurance by Security Agent**

- (a) The Security Agent shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Finance Documents. The Security Agent shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Facility Agent shall have requested it to do so in writing and the Security Agent shall have failed to do so within 14 days after receipt of that request.

### **33.20 Custodians and nominees**

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

### **33.21 Acceptance of title**

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any of the Transaction Obligor may have to any of the Charged Property and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

### **33.22 Refrain from illegality**

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction and the Security Agent may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

### **33.23 Business with the Group**

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

### **33.24 Winding up of trust**

If the Security Agent, with the approval of the Facility Agent determines that (a) all of the Secured Liabilities and all other obligations secured by the Finance Documents creating the Transaction Security have been fully and finally discharged and (b) none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents:

- (a) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Finance Documents creating the Transaction Security; and
- (b) any Retiring Security Agent shall release, without recourse or warranty, all of its rights under each of the Finance Documents creating the Transaction Security.

**33.25 Perpetuity period**

The trusts constituted by this Agreement are governed by English law and the perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

**33.26 Powers supplemental**

The rights, powers and discretions conferred upon the Security Agent by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by general law or otherwise.

**33.27 Trustee division separate**

- (a) In acting as trustee for the Secured Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments.
- (b) If information is received by another division or department of the Security Agent, it may be treated as confidential to that division or department and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

**33.28 Disapplication**

In addition to its rights under or by virtue of this Agreement and the other Finance Documents, the Security Agent shall have all the rights conferred on a trustee by the Trustee Act 1925, the Trustee Delegation Act 1999, the Trustee Act 2000 and by general law or otherwise, provided that:

- (a) section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents; and
- (b) where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, such provisions shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

**33.29 Full freedom to enter into transactions**

Notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);

- (b) to deal in and enter into and arrange transactions relating to:
  - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
  - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, each Servicing Party shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

### **33.30 Resignation of the Security Agent**

- (a) The Security Agent may resign and appoint one of its affiliates as successor by giving notice to the Borrowers and each Finance Party.
- (b) Alternatively the Security Agent may resign by giving notice to the other Parties in which case the Majority Lenders may appoint a successor Security Agent.
- (c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 30 days after the notice of resignation was given, the Security Agent (after consultation with the Facility Agent) may appoint a successor Security Agent.
- (d) The retiring Security Agent (the “ **Retiring Security Agent** ”) shall, at its own cost, make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents.
- (e) The Security Agent’s resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer, by way of a document expressed as a deed, of all of the Security Property to that successor.
- (f) Upon the appointment of a successor, the Retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of Clause 33.24 ( *Winding up of trust* ) and under paragraph (d) above) but shall, in respect of any act or omission by it whilst it was the Security Agent, remain entitled to the benefit of Clause 33 ( *The Security Agent* ), Clause 14.4 ( *Indemnity to the Security Agent* ), Clause 33.16 ( *Lenders’ indemnity to the Security Agent* ) and any other provisions of a Finance Document which are expressed to limit or exclude its liability in acting as Security Agent. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.
- (g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrowers.
- (h) The consent of any Borrower (or any other Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

### **33.31 Delegation**

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by any of the Finance Documents.
- (b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub delegate.

### **33.32 Additional Security Agents**

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
  - (i) if it considers that appointment to be in the interests of the Secured Parties; or
  - (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security Agent deems to be relevant; or
  - (iii) for obtaining or enforcing any judgment in any jurisdiction,

and the Security Agent shall give prior notice to the Borrowers and the Facility Agent of that appointment.

- (b) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Security Agent by this Agreement) and the duties and obligations that are conferred or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

## **34 CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

## **35 SHARING AMONG THE FINANCE PARTIES**

### **35.1 Payments to Finance Parties**

If a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 36 ( *Payment Mechanics* ) (a “**Recovered Amount**”) and applies that amount to a payment due to it under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;
- (b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with Clause 36 ( *Payment Mechanics* ), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the “ **Sharing Payment** ”) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 36.5 ( *Application of receipts; partial payments* ).

### 35.2 **Redistribution of payments**

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the “ **Sharing Finance Parties** ”) in accordance with Clause 36.5 ( *Application of receipts; partial payments* ) towards the obligations of that Obligor to the Sharing Finance Parties.

### 35.3 **Recovering Finance Party’s rights**

On a distribution by the Facility Agent under Clause 35.2 ( *Redistribution of payments* ) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

### 35.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “ **Redistributed Amount** ”); and
- (b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

### 35.5 **Exceptions**

- (a) This Clause 35 ( *Sharing Among the Finance Parties* ) shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (i) it notified that other Finance Party of the legal or arbitration proceedings; and

- (ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

## SECTION 11

### ADMINISTRATION

#### 36 PAYMENT MECHANICS

##### 36.1 Payments to the Facility Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make an amount equal to such payment available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Facility Agent specifies.

##### 36.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 36.3 (*Distributions to an Obligor*) and Clause 36.4 (*Clawback*) be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency or, in the case of a Tranche, to such account of such person as may be specified by the Borrowers in a Utilisation Request.

##### 36.3 Distributions to an Obligor

The Facility Agent may (with the consent of the Obligor or in accordance with Clause 37 (*Setoff*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

##### 36.4 Clawback

- (a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

### 36.5 Application of receipts; partial payments

- (a) Subject to paragraph (b) below and except as any Finance Document may otherwise provide, any payment that is received or recovered by any Finance Party under, in connection with, or pursuant to any Finance Document shall be paid to the Facility Agent which shall apply the same in the following order:
- (i) **first**, in or towards payment of any amounts then due and payable under any of the Finance Documents;
  - (ii) **secondly**, in retention by the Security Agent of an amount equal to any amount not then payable under any Finance Document but which the Facility Agent, by notice to the Borrowers and the other Finance Parties, states in its opinion will or may become payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them; and
  - (iii) **thirdly**, any surplus shall be paid to the Borrowers or to any other person who appears to be entitled to it.
- (b) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:
- (i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of, and any other amounts owing to, the Facility Agent, the Security Agent, any Receiver and any Delegate under the Finance Documents;
  - (ii) **secondly**, in or towards payment pro rata of:
    - (A) any accrued interest and fees due but unpaid to the Lenders under this Agreement; and
    - (B) any periodical payments (not being payments as a result of termination or closing out) due but unpaid to the Hedge Counterparties under the Hedging Agreements;
  - (iii) **thirdly**, in or towards payment pro rata of:
    - (A) any principal due but unpaid to the Lenders under this Agreement; and
    - (B) any payments as a result of termination or closing out due but unpaid to the Hedge Counterparties under the Hedging Agreements; and
  - (iv) **fourthly**, in or towards payment pro rata of any other sum due to any Finance Party but unpaid under the Finance Documents.
- (c) The Facility Agent shall, if so directed by the Majority Lenders and the Hedge Counterparties, vary the order set out in paragraphs (b) (ii) to (b)(iv) above.
- (d) Paragraphs (a), (b) and (c) above will override any appropriation made by an Obligor.

### 36.6 No set-off by Obligors

- (a) All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- (b) Paragraph (a) above shall not affect the operation of any payment or close-out netting in respect of any amounts owing under any Hedging Agreement.

### **36.7 Business Days**

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### **36.8 Currency of account**

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

### **36.9 Change of currency**

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent (after consultation with the Borrowers); and
  - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting reasonably and after consultation with the Borrowers) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant interbank Market and otherwise to reflect the change in currency.

### **36.10 Currency Conversion**

- (a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.
- (b) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

### **36.11 Disruption to Payment Systems etc.**

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by a Borrower that a Disruption Event has occurred:

- (a) the Facility Agent may, and shall if requested to do so by a Borrower, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;

- (b) the Facility Agent shall not be obliged to consult with the Borrowers in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Facility Agent and the Borrowers shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 44 (*Amendments and Waivers*);
- (e) the Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 36.11 (*Disruption to Payment Systems etc.*); and
- (f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

### **37 SET-OFF**

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. The relevant Finance Party shall promptly notify an Obligor and the Facility Agent after any set-off.

### **38 NOTICES**

#### **38.1 Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

#### **38.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrowers, that specified in Schedule 1 (*The Parties*);
- (b) in the case of each Lender, each Hedge Counterparty or any other Obligor, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;
- (c) in the case of the Facility Agent, that specified in Schedule 1 (*The Parties*); and
- (d) in the case of the Security Agent, that specified in Schedule 1 (*The Parties*),

or any substitute address, fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days(1) notice.

### **38.3 Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of fax, when received in legible form; or
  - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 38.2 ( *Addresses* ), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 ( *The Parties* ) (or any substitute department or officer as that Servicing Party shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Facility Agent unless otherwise specified in any Finance Document.
- (d) Any communication or document made or delivered to the Borrowers in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### **38.4 Notification of address and fax number**

- (a) Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 38.2 ( *Addresses* ) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

### **38.5 Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means, to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:
  - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days(1) notice.
- (b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Facility Agent only if it is addressed in such a manner as the Facility Agent shall specify for this purpose.
- (c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### **38.6 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation prepared by a translator approved by the Facility Agent and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

### **38.7 Hedging Agreement**

Notwithstanding anything in clause 1.1 ( *Definitions* ), references to the Finance Documents or a Finance Document in this clause do not include any Hedging Agreement entered into by the Borrower with the Hedge Counterparty in connection with the Facility.

## **39 CALCULATIONS AND CERTIFICATES**

### **39.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

### **39.2 Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

### **39.3 Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

## **40 PARTIAL INVALIDITY**

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

## **41 REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of a Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

## 42 SETTLEMENT OR DISCHARGE CONDITIONAL

Any settlement or discharge under any Finance Document between any Finance Party and any Obligor shall be conditional upon no security or payment to any Finance Party by any Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

## 43 IRREVOCABLE PAYMENT

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, an Obligor or by any other person in purported payment or discharge of an obligation of that Obligor to a Finance Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

## 44 AMENDMENTS AND WAIVERS

### 44.1 Required consents

- (a) Subject to Clause 44.2 ( *Exceptions* ) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 44 ( *Amendments and Waivers* ).

### 44.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
  - (i) the definition of “Majority Lenders” in Clause 1.1 ( *Definitions* );
  - (ii) a postponement to or extension of the date of payment of any amount under the Finance Documents;
  - (iii) a reduction in any Margin or the amount of any payment of principal, interest, fees or commission payable;
  - (iv) an increase in or extension of any Commitment or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the Facility;
  - (v) a change to any Obligor;
  - (vi) any provision which expressly requires the consent of all the Lenders;
  - (vii) this Clause 44 ( *Amendments and Waivers* );
  - (viii) any change to the preamble (Background), Clause 2 ( *The Facility* ), Clause 3 ( *Purpose* ), Clause 5 ( *Utilisation* ), Clause 8 ( *Interest* ), Clause 28 ( *Application of Earnings* ) or Clause 30 ( *Changes to the Lenders* );
  - (ix) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);

- (x) the nature or scope of the guarantees and indemnities granted under Clause 17 ( *Guarantee and Indemnity — Parent Guarantor* ), Clause 19 ( *Guarantee and Indemnity — Hedge Guarantors* ), the joint and several liability of the Borrowers under Clause 18 ( *Joint and several liability of the Borrowers* ) or of any Transaction Security unless:
    - (A) permitted under any Finance Document; or
    - (B) relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document; or
  - (xi) the manner in which the proceeds of enforcement of the Transaction Security are distributed,
- shall not be made without the prior consent of all the Lenders.
- (b) The Borrowers and the Facility Agent, the Arranger or the Security Agent, as applicable, may amend or waive a term of a Fee Letter to which they are party.
  - (c) An amendment or waiver which relates to the rights or obligations of a Servicing Party or the Arranger (each in their capacity as such) may not be effected without the consent of that Servicing Party or, as the case may be, the Arranger.
  - (d) An amendment or waiver which relates to the rights or obligations of a Hedge Counterparty (in its capacity as such) may not be effected without the consent of that Hedge Counterparty.

## **45 CONFIDENTIALITY**

### **45.1 Confidential Information**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 45.2 ( *Disclosure of Confidential Information* ) and Clause 45.3 ( *Disclosure to numbering service providers* ) and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

### **45.2 Disclosure of Confidential Information**

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential information;
- (b) to any person:
  - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

- (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligor and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 32.14 (*Relationship with the Lenders*));
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
- (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;
- (vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 30.8 (*Security over Lenders' rights*);
- (viii) who is a Party, a member of the Group or any related entity of an Obligor; or
- (ix) with the consent of the Parent Guarantor;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
  - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
  - (C) in relation to paragraphs (b)(v) and (b)(vi) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of

participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrowers and the relevant Finance Party;

- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors.

#### **45.3 Disclosure to numbering service providers**

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

- (i) names of Obligors;
- (ii) country of domicile of Obligors;
- (iii) place of incorporation of Obligors;
- (iv) date of this Agreement;
- (v) the names of the Facility Agent and the Arranger;
- (vi) date of each amendment and restatement of this Agreement;
- (vii) amount of Total Commitments;
- (viii) currency of the Facility;
- (ix) type of Facility;
- (x) ranking of Facility;
- (xi) Termination Date for Facility;
- (xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and
- (xiii) such other information agreed between such Finance Party and the Borrowers,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents that none of the information set out in paragraphs (a)(i) to (a)(xiii) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Facility Agent shall notify the Parent Guarantor and the other Finance Parties of:

- (i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Obligors; and
- (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

#### **45.4 Entire agreement**

This Clause 45 ( *Confidentiality* ) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

#### **45.5 Inside information**

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

#### **45.6 Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 45.2 ( *Disclosure of Confidential Information* ) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 45 ( *Confidentiality* ).

#### **45.7 Continuing obligations**

The obligations in this 45 ( *Confidentiality* ) are continuing and , in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

#### **46 COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

## SECTION 12

### GOVERNING LAW AND ENFORCEMENT

#### 47 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### 48 ENFORCEMENT

##### 48.1 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).
- (b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.
- (c) This Clause 48.1 ( *Jurisdiction* ) is for the benefit of the Secured Parties only. As a result no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

##### 48.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
  - (i) irrevocably appoints Highbury Shipping Services at its office for the time being, presently at 4<sup>th</sup> Floor, 24-26 Baltic Street, London EC1Y OAU, United Kingdom as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers (on behalf of all the Obligors) must immediately (and in any event within 5 days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility Agent may appoint another agent for this purpose.

**This Agreement has been entered into on the date stated at the beginning of this Agreement.**

**SCHEDULE 1**  
**THE PARTIES**  
**PART A**  
**THE OBLIGORS**

<b>Name of Borrower</b>	<b>Place of Incorporation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
<b>CJNP LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young
<b>CMNL LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young
<b>CNML LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young
<b>CORSAIR LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young

<b>Name of Parent Guarantor</b>	<b>Place of Incorporation</b>	<b>Registration number (or equivalent, if any)</b>	<b>Address for Communication</b>
<b>DORIAN LPG LTD</b>	Marshall Islands		c/o Dorian LPG (U.S.A.) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young  c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young

<b>Name of Hedge Guarantor</b>	<b>Place of Incorporation</b>	<b>Registration number (or equivalent, if any)</b>	
<b>CJNP LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young
<b>CMNL LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234  Fax: +1 (203) 359 8159  Attn: Theodore Young
<b>CNML LPG TRANSPORT LLC</b>	Republic of Marshall Islands		c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902 Telephone: +1 (203) 978 1234

Fax: +1 (203) 359 8159

Attn: Theodore Young

**CORSAIR LPG TRANSPORT LLC**

Republic of Marshall Islands

c/o Dorian LPG (USA) LLC  
27 Signal Road  
Stamford, CT 06902  
Telephone: +1 (203) 978 1234

Fax: +1 (203) 359 8159

Attn: Theodore Young

**SCHEDULE 1**

**THE PARTIES**

**PART B**

**THE ORIGINAL LENDERS**

<b>Name of Original Lender</b>	<b>Commitment</b>	<b>Address for Communication</b>
THE ROYAL BANK OF SCOTLAND plc	135,224,500	4th Floor 1 Princes Street London EC2R 8PB England  Fax No: +44 (0) 20 7106 6550

**THE HEDGE COUNTERPARTIES**

<b>Name of Original Hedge Counterparty</b>	<b>Address for Communication</b>
THE ROYAL BANK OF SCOTLAND plc	Corporate Risk Solutions Shipping 135 Bishopsgate London EC2M 3UR  Fax No: +44 (0) 20 7085 6478

**SCHEDULE 1**

**THE PARTIES**

**PART C**

**THE SERVICING PARTIES**

<b>Name of Facility Agent</b>	<b>Address for Communication</b>
THE ROYAL BANK OF SCOTLAND plc	4th Floor 1 Princes Street London EC2R 8PB England  Fax No: +44 (0) 20 7106 6550

<b>Name of Security Agent</b>	<b>Address for Communication</b>
THE ROYAL BANK OF SCOTLAND plc	4th Floor 1 Princes Street London EC2R 8PB England  Fax No: +44 (0) 20 7106 6550

## SCHEDULE 2

### CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT

#### PART A

#### CONDITIONS PRECEDENT TO INITIAL UTILISATION REQUEST

##### **1 Obligors**

- 1.1 A copy of the constitutional documents of each Transaction Obligor.
- 1.2 A copy of a resolution of the board of directors of each Transaction Obligor:
  - (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
  - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
  - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.
- 1.3 An original of the power of attorney of any Transaction Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.
- 1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.
- 1.5 A copy of a resolution signed by the Dorian Holdings as the holder of the issued LLC shares in each Borrower, approving the terms of, and the transactions contemplated by, the Finance Documents to which that Borrower is a party.
- 1.6 A certificate of each Transaction Obligor (signed by an officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on that Transaction Obligor to be exceeded.
- 1.7 A certificate of each Transaction Obligor that is incorporated outside the UK (signed by an officer) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.
- 1.8 A certificate of an authorised signatory of the relevant Transaction Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

##### **2 Pre-delivery Contracts and other Documents**

- 2.1 Copies of the Shipbuilding Contract and of all documents signed or issued by Borrower D or the Purchaser or the Builder (or any of them) under or in connection with them.
- 2.2 A certified true copy of the Refund Guarantee.
- 2.3 Copies of the MOAs and of all documents signed or issued by Borrower A, Borrower B and Borrower C or the Existing Borrowers (or both of them) under or in connection with them.

- 2.4 Such documentary evidence as the Facility Agent and its legal advisers may require in relation to the due authorisation and execution of the Shipbuilding Contract, the MOAs and the Refund Guarantee by each of the parties thereto.
- 2.5 Copies of each Hedging Agreement executed by a Hedge Counterparty and the relevant Borrower.
- 2.6 Copy of the Hedging Novation Agreement executed by the Parties thereto.

### **3 Security**

- 3.1 A duly executed original of the Accounts Security in relation to each Account in respect of each Borrower (and of each document to be delivered under each of them).
- 3.2 A duly executed original of the Hedging Agreement Assignment in respect of each Borrower (and of each document to be delivered under each of them).

### **4 Legal opinions**

- 4.1 If a Transaction Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Arranger, the Facility Agent and the Security Agent in the relevant jurisdiction, substantially in the form distributed to the Original Lenders before signing this Agreement.

### **5 Other documents and evidence**

- 5.1 Evidence that any process agent referred to in Clause 48.2 ( *Service of process* ), if not an Obligor, has accepted its appointment.
- 5.2 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document, or for the validity and enforceability of any Transaction Document.
- 5.3 The original of any mandates or other documents required in connection with the opening or operation of the Accounts.
- 5.4 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 ( *Fees* ) and Clause 16 ( *Costs and Expenses* ) have been paid or will be paid by the first Utilisation Date.
- 5.5 Such evidence as the Facility Agent may require in its sole discretion for the Finance Parties to be able to satisfy each of their “know your customer” or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

## SCHEDULE 2

### CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT

#### PART B

##### CONDITIONS PRECEDENT TO UTILISATION

#### 1 Borrowers

A certificate of an authorised signatory of each Borrower certifying that each copy document which it is required to provide under this Part B of Schedule 2 ( *Conditions Precedent and Conditions Subsequent* ) is correct, complete and in full force and effect as at the Utilisation Date of the advance of the Loan.

#### 2 Release of Existing Security

An original of each Deed of Release, together with evidence satisfactory to the Facility Agent of its due execution by the parties to it.

#### 3 Ship and other security

In relation to each Ship:

- 3.1 A duly executed original of the Mortgage, and the Deed of Covenant and the General Assignment in respect of the Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage in respect of that Ship has been duly registered, recorded (as applicable) as a valid first preferred or priority (as applicable) ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.
- 3.2 Documentary evidence that that Ship:
- (a) has been unconditionally delivered by the relevant Existing Borrower to, and accepted by the relevant Borrower under the relevant MOA and that the full purchase price payable and all other sums due to the Existing Borrower (if any) under the MOA, other than the sums to be financed pursuant to the relevant Tranche, have been paid to that Existing Borrower;
  - (b) is definitively and permanently registered in the name of the relevant Borrower under the Approved Flag applicable to that Ship;
  - (c) is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents;
  - (d) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and
  - (e) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.
- 3.3 Documents establishing that the Ship will, as from the Utilisation Date, be managed commercially by the Approved Commercial Manager and managed technically by the Approved Technical Manager on terms acceptable to the Facility Agent acting with the authorisation of all of the Lenders, together with:
- (a) a Manager's Undertaking for each of the Approved Technical Manager and the Approved Commercial Manager of that Ship; and

- (b) copies of the relevant Approved Technical Manager’s Document of Compliance and of that Ship’s Safety Management Certificate (together with any other details of the applicable safety management system which the Facility Agent requires) and of any other documents required under the ISM Code and the ISPS Code in relation to that Ship including without limitation an ISSC.
- 3.4 An opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the Insurances as the Facility Agent may require.
- 3.5 Documentary evidence of the lightweight displacement tonnage of the Ship.

#### **4 Legal opinions**

Legal opinions of the legal advisers to the Arranger, the Facility Agent and the Security Agent in the Republic of the Marshall Islands and the Bahamas and such other relevant jurisdictions as the Facility Agent may require.

#### **5 Other documents and evidence**

- 5.1 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 ( *Fees* ) and Clause 16 ( *Costs and Expenses* ) have been paid or will be paid by the Utilisation Date.
- 5.2 Such evidence as the Facility Agent may require in its sole discretion for the Finance Parties to be able to satisfy each of their “know your customer” or similar identification procedures in relation to the transactions contemplated by the Finance Documents.
- 5.3 Evidence that the Minimum Liquidity has been credited to the Minimum Liquidity Account by the Parent Guarantor in compliance with the terms of Clause 22.1(e) ( *Parent Guarantor’s Financial Covenants* ).
- 5.4 Evidence that the Newbuilding Cash Account has been credited with the Newbuilding Cash Collateral in accordance with Clause 23.22 ( *Newbuilding Cash Collateral* ).
- 5.5 Evidence that the remainder of the Existing Indebtedness not being refinanced pursuant to this Agreement is either repaid in full or refinanced in full pursuant to an advance made pursuant to the \$22,290,000 term loan facility agreement dated on or around the date of this Agreement and entered into by (i) Cygnus Transport Limited and (ii) The Royal Bank of Scotland plc as facility agent, arranger, original lender, hedge counterparty and security agent.
- 5.6 Such documentary evidence that the Facility Agent may require in its sole discretion that all of the membership interests in each of the Borrowers have been transferred from Dorian Holdings to the Parent Guarantor.
- 5.7 Such documentary evidence that the Facility Agent may require in its sole discretion that the Private Placement has been successful and a minimum amount of \$100,000,000 has been raised as equity in the Parent Guarantor.

## SCHEDULE 2

### CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT

#### PART C

#### CONDITIONS SUBSEQUENT TO UTILISATION — DELIVERY DATE

##### 1 Borrowers

A certificate of an authorised signatory of each Borrower certifying that each copy document which it is required to provide under this Part C of Schedule 2) is correct, complete and in full force and effect.

##### 2 Ship and other security

2.1 A duly executed original of the Mortgage and the Deed of Covenant and the General Assignment in respect of Ship D and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage in respect of Ship D has been duly registered as a valid first priority ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.

2.2 Documentary evidence that Ship D:

- (a) has been unconditionally delivered by the Builder to the Purchaser, and accepted by, the Purchaser under the Shipbuilding Contract and that the full purchase price payable and all other sums due to the Builder under the Shipbuilding Contract;
- (b) has been unconditionally delivered by the Purchaser to, and accepted by, Borrower D under the relevant MOA and that the full purchase price payable and all other sums due to the Purchaser under the relevant MOA have been paid to the Purchaser and an assignment made of all rights of warranty under the Shipbuilding Contract by the Purchaser in favour of Borrower D;
- (c) is definitively and permanently registered in the name of Borrower D under the Approved Flag applicable Ship D;
- (d) is in the absolute and unencumbered ownership of Borrower D save as contemplated by the Finance Documents;
- (e) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and
- (f) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

2.3 Documents establishing that Ship D will, as from the Delivery Date, be managed commercially by the Approved Commercial Manager and managed technically by the Approved Technical Manager on terms acceptable to the Facility Agent acting with the authorisation of all of the Lenders, together with:

- (a) a Manager's Undertaking for each of the Approved Technical Manager and the Approved Commercial Manager; and
- (b) copies of the relevant Approved Technical Manager's Document of Compliance and of Ship D's Safety Management Certificate (together with any other details of the applicable safety management system which the Facility Agent requires) and of any other documents required under the ISM Code and the ISPS Code in relation to Ship D including without limitation an ISSC.

2.4 An opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the Insurances as the Facility Agent may require.

**3 Legal opinions**

Legal opinions of the legal advisers to the Arranger, the Facility Agent and the Security Agent in the jurisdiction of the Approved Flag of Ship D, the Marshall Islands and such other relevant jurisdictions as the Facility Agent may require.

**SCHEDULE 3**

**REQUESTS**

**PART A**

**UTILISATION REQUEST**

From: **CJNP LPG TRANSPORT LLC  
CMNL LPG TRANSPORT LLC  
CNML LPG TRANSPORT LLC  
CORSAIR LPG TRANSPORT LLC**

To: **THE ROYAL BANK OF SCOTLAND plc**

Dated: [ • ]

Dear Sirs

**CJNP LPG TRANSPORT LLC, CMNL LPG TRANSPORT LLC, CNML LPG TRANSPORT LLC and CORSAIR LPG TRANSPORT LLC — [ • ] Facility Agreement dated [ • ] 2013 (the “Agreement”)**

- 1 We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
- 2 We wish to borrow Tranche [A][B][C] on the following terms:  
  
Proposed Utilisation Date: [ • ] (or, if that is not a Business Day, the next Business Day)  
  
Amount: [ • ] or, if less, the Available Facility  
  
Interest Period for the Tranche: [ • ]
- 3 We confirm that each condition specified in Clause 4.1 ( *Initial conditions precedent* ) Clause 4.2 ( *Further conditions precedent* ) as they relate to the Tranche to which this utilisation request refers of the Agreement is satisfied on the date of this Utilisation Request.
- 4 The proceeds of this Tranche should be credited to [account].
- 5 This Utilisation Request is irrevocable.

Yours faithfully

[ • ]

authorised signatory for  
**CJNP LPG TRANSPORT LLC**

[ • ]

authorised signatory for  
**CMNL LPG TRANSPORT LLC**

[ • ]

authorised signatory for  
**CNML LPG TRANSPORT LLC**

[ • ]

authorised signatory for  
**CORSAIR LPG TRANSPORT LLC**

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**SCHEDULE 3**

**REQUESTS**

**PART B**

**SELECTION NOTICE**

From: **CJNP LPG TRANSPORT LLC  
CMNL LPG TRANSPORT LLC  
CNML LPG TRANSPORT LLC  
CORSAIR LPG TRANSPORT LLC**

To: **THE ROYAL BANK OF SCOTLAND plc**

Dated: [ • ]

Dear Sirs

**CJNP LPG TRANSPORT LLC, CMNL LPG TRANSPORT LLC, CNML LPG TRANSPORT LLC and CORSAIR LPG TRANSPORT LLC - [ • ] Facility Agreement dated [ • ] 2013 (the “Agreement”)**

- 1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
- 2 We request that, subject to paragraph (f) of Clause 9.1 ( *Selection of Interest Periods* ) of the Agreement, the next Interest Period for the Loan be [ • ].
- 3 This Selection Notice is irrevocable.

Yours faithfully

authorised signatory for  
**CJNP LPG TRANSPORT LLC**

[ • ]

authorised signatory for  
**CMNL LPG TRANSPORT LLC**

[ • ]

authorised signatory for  
**CNML LPG TRANSPORT LLC**

[ • ]

authorised signatory for  
**CORSAIR LPG TRANSPORT LLC**

## SCHEDULE 4

### FORM OF TRANSFER CERTIFICATE

To: **THE ROYAL BANK OF SCOTLAND PLC** as Facility Agent

From: [The Existing Lender] (the “**Existing Lender**”) and [The New Lender] (the “**New Lender**”)

Dated: [ • ]

**CJNP LPG Transport LLC, CMNL LPG Transport LLC, CNML LPG Transport LLC and CORSAIR LPG Transport LLC — [ • ] Facility Agreement dated [ • ] 2013 (the “Agreement”)**

- 1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
- 2 We refer to Clause 30.5 ( *Procedure for transfer* ) of the Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all of the Existing Lender’s rights and obligations under the Agreement and the other Finance Documents (other than any Hedging Agreement) which relate to that portion of the Existing Lender’s Commitment and participation in the Loan under the Agreement as specified in the Schedule in accordance with Clause 30.5 ( *Procedure for transfer* ) of the Agreement.
  - (b) The proposed Transfer Date is [ • ].
  - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 38.2 ( *Addresses* ) of the Agreement are set out in the Schedule.
- 3 The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 30.4 ( *Limitation of responsibility of Existing Lenders* ) of the Agreement.
- 4 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
- 5 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 6 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender’s interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender’s Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment/rights and obligations to be transferred**

**[insert relevant details]**

[Facility Office address, fax number and attention details

for notices and account details for payments.]

[Existing Lender]

[New Lender]

By:[ • ]

By:[ • ]

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [ • ].

[Facility Agent]

By:[ • ]

## SCHEDULE 5

### FORM OF ASSIGNMENT AGREEMENT

To: **THE ROYAL BANK OF SCOTLAND PLC** as Facility Agent and [ • ],[ • ] and [ • ] as Borrowers, for and on behalf of each Obligor

From: [the Existing Lender] (the “ **Existing Lender** ”) and [the New Lender] (the “ **New Lender** ”)

Dated:

**CJNP LPG Transport LLC, CMNL LPG Transport LLC, CNML LPG Transport LLC and CORSAIR LPG Transport LLC — [ • ] Facility Agreement dated [ • ] 2013 (the “Agreement”)**

- 1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
- 2 We refer to Clause 30.6 ( *Procedure for assignment* ):
  - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement, the other Finance Documents (other than any Hedging Agreement) and in respect of the Transaction Security which correspond to that portion of the Existing Lender’s Commitment and participations in the Loan under the Agreement as specified in the Schedule.
  - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in the Loan under the Agreement specified in the Schedule.
  - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
- 3 The proposed Transfer Date is [ • ].
- 4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.
- 5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 38.2 ( *Addresses* ) are set out in the Schedule.
- 6 The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 30.4 ( *Limitation of responsibility of Existing Lenders* ).
- 7 This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 30.7 ( *Copy of Transfer Certificate or Assignment Agreement to Borrower* ), to the Borrowers (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.
- 8 This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
- 9 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- 10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

**Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

**THE SCHEDULE**

**Commitment rights and obligations to be transferred by assignment, release and accession**

[insert relevant details]

[Facility office address, fax number and attention details for notices  
and account details for payments]

[Existing Lender]

[New Lender]

By: By:

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [ • ].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

[Facility Agent]

By:

**SCHEDULE 6**

**FORM OF COMPLIANCE CERTIFICATE**

To: **THE ROYAL BANK OF SCOTLAND** plc as Facility Agent

From: **DORIAN LPG LTD.**

Dated: [ • ]

Dear Sirs

**CJNP LPG Transport LLC, CMNL LPG Transport LLC, CNML LPG Transport LLC and CORSAIR LPG Transport LLC — [ • ] Facility Agreement dated [ • ] 2013 (the “Agreement”)**

- 1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate,
- 2 We confirm that: [Insert details of covenants to be certified]
- 3 [We confirm that no Default is continuing.]\*

Signed:	_____	_____
	Officer	Officer
	Of	of
	DORIAN LPG LTD	DORIAN LPG LTD

**SCHEDULE 7**

**DETAILS OF THE SHIPS**

<b>Ship name</b>	<b>Name of the Borrower</b>	<b>Type</b>	<b>Cbm</b>	<b>Approved Flag and port of registration</b>	<b>Approved Classification Society</b>	<b>Approved Classification</b>
Captain John NP (“ <b>Ship A</b> ”)	CJNP LPG Transport LLC	Very large gas carrier	82,000	Bahamas, Nassau	Lloyds Register	+100A1 Liquefied Gas Carrier, Ship Type 2G, Propane, Butadlene, Butane, Butylenes, Anhydrous Ammonia and Propylene in independent tanks type A, maximum specific gravity 0.69, maximum vapour pressure 0.25 bar (0.45 bar in Harbour), minimum temperature minus 50 degrees C, Ship Right SDA, *IWS, LI, EP, +LMC, IGS, UMS, NAV1, +Lloyd’s RMC (LG), Ship Right (FDA, CM, BWMP(s), SCM), ETA, Green Passport
Captain Markos NL (“ <b>Ship B</b> ”)	CMNL LPG Transport LLC	Very large gas carrier	82,000	Bahamas, Nassau	Lloyds Register	+100A1 Liquefied Gas Carrier, Ship Type 2G, Propane, Butadlene, Butane, Butylenes, Anhydrous Ammonia and Propylene in independent tanks type A, maximum specific gravity 0.69, maximum vapour pressure 0.25 bar (0.45 bar in Harbour), minimum temperature minus 50 degrees C, Ship Right SDA, *IWS, LI, EP, +LMC, IGS, UMS, NAV1, +Lloyd’s RMC (LG), Ship Right (FDA, CM, BWMP(s), SCM), ETA, Green Passport
Captain Nicholas ML (“ <b>Ship C</b> ”)	CJML LPG Transport LLC	Very large gas carrier	82,000	Bahamas, Nassau	Lloyds Register	+100A1 Liquefied Gas Carrier, Ship Type 2G, Propane, Butadlene, Butane, Butylenes, Anhydrous Ammonia and Propylene in independent tanks type A, maximum specific gravity 0.69, maximum vapour pressure 0.25 bar (0.45 bar in Harbour), minimum temperature minus 50 degrees C, Ship Right SDA, *IWS, LI, EP, +LMC, IGS, UMS, NAV1, +Lloyd’s RMC (LG), Ship Right (FDA, CM, BWMP(s), SCM), ETA, Green Passport
(tbn) (ex Hull 2657) (“ <b>Ship D</b> ”)	Corsair LPG Transport LLC	Very large gas carrier	82,000	Bahamas, Nassau	American Bureau of Shipping	+A1 (E), Liquefied Gas Carrier with independent tanks, +ACCU, +AMS, SHR, NBL, TCM, with description in the record Type 2G Ship, maximum pressure 0.275 bar. minimum temperature minus 52 degrees C, specific gravity 610 kg/m3, UWILD, CPS, BWE, ENVIRO

## SCHEDULE 8

### TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 ( *Delivery of a Utilisation Request* )) or a Selection Notice (Clause 9.1 ( *Selection of Interest Periods* ))

Five Business Days before the intended Utilisation Date (Clause 5.1 ( *Delivery of a Utilisation Request* )) or the expiry of the preceding Interest Period (Clause 9.1 ( *Selection of Interest Periods* ))

Facility Agent notifies the Lenders of the Tranche to be advanced in accordance with Clause 5.4 ( *Lenders' participation* )

Three Business Days before the intended Utilisation Date.

LIBOR is fixed

Quotation Day as of 11:00 am London time

**SCHEDULE 9**  
**APPROVED VALUERS**

Fearnley A/S  
GrevWedelS Plass 9  
P.O. Box 1158 Sentrum  
N-0107 Oslo  
Norway

Braemar Seascope Ltd.  
35 Cosway Street  
London NW1 5BT  
United Kingdom

EA Gibson Shipbrokers Ltd.  
P.O. Box 278, Audrey House  
16-20 Ely Place  
London EC1P 1HP  
United Kingdom

**SCHEDULE 10**

**APPROVED CHARTERERS**

The Facility Agent reserves the right to remove any of the below if, in the Facility Agent's opinion, a material event has occurred which could impact of their credit worthiness or reputation.

Statoil  
Petredec  
Petrobras  
Total  
Shell  
Exxon  
BP  
Vitol  
Glencore  
Trafigura  
Mitsui  
Mitsubishi  
Chevron

EXECUTION PAGES

BORROWERS

SIGNED by )  
as officer duly authorised )  
for and on behalf of )  
CJNP LPG TRANSPORT LLC )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

SIGNED by )  
as officer duly authorised )  
for and on behalf of )  
CMNL LPG TRANSPORT LLC )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

SIGNED by )  
as officer duly authorised )  
for and on behalf of )  
CNML LPG TRANSPORT LLC )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

SIGNED by )  
as officer duly authorised )  
for and on behalf of )  
CORSAIR LPG TRANSPORT LLC )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**PARENT GUARANTOR**

**SIGNED** by )  
as officer duly authorised )  
for and on behalf of )  
**DORIAN LPG LTD.** )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**HEDGE GUARANTORS**

**SIGNED** by )  
as officer duly authorised )  
for and on behalf of )  
**CJNP LPG TRANSPORT LLC** )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**SIGNED** by )  
as officer duly authorised )  
for and on behalf of )  
**CMNP LPG TRANSPORT LLC** )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**SIGNED** by )  
as officer duly authorised )  
for and on behalf of )  
**CNML LPG TRANSPORT LLC** )  
in the presence of: )

\_\_\_\_\_  
/s/ John Lycouris

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**SIGNED** by )  
as officer duly authorised )  
for and on behalf of )  
**CORSAIR LPG TRANSPORT LLC** )  
in the presence of: )

/s/ John Lycouris

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Witness' signature: )  
Witness' name: )  
Witness' address: )

/s/ Electra Stamatopoulos

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WATSON, FARLEY & WILLIAMS  
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**ORIGINAL LENDERS**

**SIGNED** by )  
duly authorised )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND plc** )  
in the presence of: )

/s/ Nick Daskalakis

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Witness' signature: )  
Witness' name: )  
Witness' address: )

/s/ Electra Stamatopoulos

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WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**ORIGINAL HEDGE COUNTERPARTIES**

**SIGNED** by )  
duly authorised )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND plc** )  
in the presence of: )

/s/ George Paleokrassas

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Witness' signature: )  
Witness' name: )  
Witness' address: )

/s/ Electra Stamatopoulos

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WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**ARRANGER**

**SIGNED** by )  
duly authorised )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND plc** )  
in the presence of: )

\_\_\_\_\_  
/s/ Nick Daskalakis

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**FACILITY AGENT**

**SIGNED** by )  
duly authorised )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND plc** )  
in the presence of: )

\_\_\_\_\_  
/s/ Nick Daskalakis

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

**SECURITY AGENT**

**SIGNED** by )  
duly authorised )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND plc** )  
in the presence of: )

\_\_\_\_\_  
/s/ Nick Daskalakis

Witness' signature: )  
Witness' name: )  
Witness' address: )

\_\_\_\_\_  
/s/ Electra Stamatopoulos  
WATSON, FARLEY & WILLIAMS  
89 AKTI MIAOULI  
PIRAEUS 185 38 - GREECE

ORIGINAL

Code word for this Charter Party  
 "SHELLTIME 4"

Issued December 1984 amended December 2003, Version 1.1 Apr06



Time Charter Party  
 LONDON 27<sup>th</sup> May  
 2011

IT IS THIS DAY AGREED between **Orion Tankers Limited** of **Monrovia** (hereinafter referred to as "Owners"), being owners of the good motor/ ~~steam~~\* vessel called "**GRENDON**" (hereinafter referred to as "the vessel") described as per Clause 1 hereof and **Petredex Limited** of **Bermuda** (hereinafter referred to as "Charterers"):

- |   |  |
|---|--|
| Description<br>And<br>Condition of<br>Vessel  | <p>1. At the date of delivery of the vessel under this charter and throughout the charter period:</p> <ul style="list-style-type: none"> <li>(a) she shall be classed by a Classification Society which is a member of the International Association of Classification Societies;</li> <li>(b) she shall be in every way fit to carry <b>the cargo as described in Clause 4.</b> <del>crude petroleum and/or its products;</del></li> <li>(c) she shall be tight, staunch, strong, in good order and condition, and in every way fit for the service, with her machinery, boilers, hull and other equipment (including but not limited to hull stress calculator, radar, computers and computer systems) in a good and efficient state;</li> <li>(d) her tanks, valves and pipelines shall be <del>oil</del>-gas -tight;</li> <li>(e) she shall be in every way fitted for burning, in accordance with the grades specified in <u>Clause 29</u> hereof:                         <ul style="list-style-type: none"> <li>(i) at sea, fuel oil for main propulsion and fuel oil/marine diesel oil* for auxiliaries;</li> <li>(ii) in port fuel oil/marine diesel oil* for auxiliaries;</li> </ul> </li> <li>(f) she shall comply with the regulations in force so as to enable her to pass through the Suez and Panama Canals by day and night without delay;</li> <li>(g) she shall have on board all certificates, documents and equipment required from time to time by any applicable law to enable her to perform the charter service without delay;</li> <li>(h) she shall comply with the description in the OCIMF Harmonised Vessel Particulars Questionnaire appended hereto as Appendix A, provided however that if there is any conflict between the provisions of this questionnaire and any other provision, including this <u>Clause 1</u>, of this charter such other provisions shall govern;</li> <li>(i) her ownership structure, flag, registry, classification society and management company shall not be changed <b>without Charterers' prior agreement;</b></li> <li>(j) Owners will operate:                         <ul style="list-style-type: none"> <li>(i) a safety management system certified to comply with the International Safety Management Code ("ISM Code") for the Safe Operation of Ships and for Pollution Prevention;</li> <li>(ii) a documented safe working procedures system (including procedures for the identification and mitigation of risks);</li> <li>(iii) a documented environmental management system;</li> <li>(iv) documented accident/incident reporting system compliant with flag state requirements;</li> </ul> </li> <li><del>(k) Owners shall submit to Charterers a monthly written report detailing all accidents/incidents and environmental reporting requirements, in accordance with the "Shell Safety and Environmental Monthly Reporting Template" appended hereto as Appendix B;</del></li> <li>(l) Owners shall maintain Health Safety Environmental ("HSE") records sufficient to demonstrate compliance with the requirements of their HSE system and of this charter. Charterers reserve the right to confirm compliance with HSE requirements by audit of Owners.</li> <li>(m) Owners will arrange at their expense for a SIRE inspection to be carried out at intervals of six months plus or minus thirty days.</li> </ul> |
| Safety<br>Management                          |  |
| Shipboard<br>Personnel<br>And their<br>Duties | <p>2. (a) At the date of delivery of the vessel under this charter and throughout the charter period:</p> <ul style="list-style-type: none"> <li>(i) she shall have a full and efficient complement of master, officers and crew for a vessel of her tonnage, who shall in any event be not less than the number required by the laws of the flag state and who shall be trained to operate the vessel and her</li> </ul>  |

\* Delete as appropriate.

\* Delete as appropriate.

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equipment competently and safely;

- (ii) all shipboard personnel shall hold valid certificates of competence in accordance with the requirements of the law of the flag state;
  - (iii) all shipboard personnel shall be trained in accordance with the relevant provisions of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1995 or any additions, modifications or subsequent versions thereof;
  - (iv) there shall be on board sufficient personnel with a good working knowledge of the English language to enable cargo operations at loading and discharging places to be carried out efficiently and safely and to enable communications between the vessel and those loading the vessel or accepting discharge there from to be carried out quickly and efficiently;
  - (v) the terms of employment of the vessel's staff and crew will always remain acceptable to The International Transport Worker's Federation and the vessel will at all times carry a Blue Card;
  - (vi) the nationality of the vessel's officers given in the OCIMF Vessel Particulars Questionnaire referred to in Clause 1(h) will not change without Charterers' prior agreement.
- (b) Owners guarantee that throughout the charter service the master shall with the vessel's officers and crew, unless otherwise ordered by Charterers;
- (i) prosecute all voyages at the service speed ~~with the utmost despatch~~;
  - (ii) render all customary assistance; and
  - (iii) load and discharge cargo as rapidly as possible when required by Charterers or their agents to do so, by night or by day, but always in accordance with the laws of the place of loading or discharging (as the case may be) and in each case in accordance with any applicable laws of the flag state.
3. (a) Throughout the charter service Owners shall, whenever the passage of time, wear and tear or any event (whether or not coming within Clause 27 hereof) requires steps to be taken to maintain or restore the conditions stipulated in Clauses 1 and 2(a), exercise due diligence so to maintain or restore the vessel.
- (b) If at any time whilst the vessel is on hire under this charter the vessel fails to comply with the requirements of Clauses 1, 2(a) or 10 then hire shall be reduced to the extent necessary to indemnify Charterers for such failure. If and to the extent that such failure affects the time taken by the vessel to perform any services under this charter, hire shall be reduced by an amount equal to the value, calculated at the rate of hire, of the time so lost. Any reduction of hire under this sub-Clause (b) shall be without prejudice to any other remedy available to Charterers, but where such reduction of hire is in respect of time lost, such time shall be excluded from any calculation under Clause 24.
- (c) If Owners are in breach of their obligations under Clause 3(a), Charterers may so notify Owners in writing and if, after the expiry of 30 days following the receipt by Owners of any such notice, Owners have failed to demonstrate to Charterers' reasonable satisfaction the exercise of due diligence as required in Clause 3(a), the vessel shall be off-hire, and no further hire payments shall be due, until Owners have so demonstrated that they are exercising such due diligence.
- (d) Owners shall advise Charterers immediately, in writing, should the vessel fail an inspection by, ~~but not limited to~~, a governmental and/or port state authority, ~~and/or terminal and/or major charterer of similar tonnage~~. Owners shall simultaneously advise Charterers of their proposed course of action to remedy the defects which have caused the failure of such inspection.
- (e) If, in Charterers reasonably held view:
- (i) failure of an inspection, or,
  - (ii) any finding of an inspection,
- referred to in Clause 3 (d), prevents normal commercial operations then Charterers have the option to place the vessel off-hire from the date and time that the vessel fails such inspection, or becomes commercially inoperable, until the date and time that the vessel passes a re-inspection by the same organisation, or becomes commercially operable, which shall be in a position no less favourable to Charterers than at which she went off-hire.
- (f) ~~Furthermore, at any time while the vessel is off-hire under this Clause 3 (with the exception of Clause 3(c)(ii)); Charterers have the option to terminate this charter by giving notice in writing with effect from the date on which such notice of termination is received by Owners or from any later date stated in such notice. This sub-Clause (f) is without prejudice to any rights of~~

Duty to  
Maintain

~~Charterers or obligations of Owners under this charter or otherwise (including without limitation Charterers' rights under Clause 21 hereof).~~

Period,  
Trading  
Limits and  
Safe Places

4. (a) Owners agree to let and Charterers agree to hire the vessel for a period of **12 months plus or minus 15 days more or less** in Charterers option, commencing from the time and date of delivery of the vessel, for the purpose of carrying all lawful merchandise (subject always to Clause 28) ~~including in particular, in accordance with the vessel's Certificate of Fitness~~

~~in any part of the world, as Charterers shall direct, subject to the limits of the current British Institute Warranties Mediterranean, Black Sea, United Kingdom Continent, Atlantic not south of a line between La Plata and Dakar (both ports included), River Plate not north of but including San Lorenzo, West Coast Latin America Panama - Peru Range and Caribbean, always within American Institute Trade Warranties, via safe anchorage(s), berth(s), Ports(s), STS locations(s), terminal(s), excluding Amazon, Caripito, Cuba, Haiti, Israel, Lebanon, Libya, Orinoco and Syria or any country / place which may from time to time be prohibited by the vessel's flag authority and/or the E.U and/or the U.N. and/or the U.S.A or be the subject of embargoes/sanctions. and any subsequent amendments thereof.~~ Notwithstanding the foregoing, but subject to Clause 35, Charterers may order the vessel to ice-bound waters or to any part of the world outside such limits provided that Owners consent thereto (such consent not to be unreasonably withheld) and that Charterers pay for any insurance premium required by the vessel's underwriters as a consequence of such order. **The vessel shall not force ice nor follow ice-breakers.**

~~(b) Any time during which the vessel is off-hire under this charter may be added to the charter period in Charterers option up to the total amount of time spent off-hire. In such cases the rate of hire will be that prevailing at the time the vessel would, but for the provisions of this Clause, have been redelivered.~~

(c) Charterers shall use due diligence to ensure that the vessel is only employed between and at safe places (which expression when used in this charter shall include ports, berths, wharves, docks, anchorages, submarine lines, alongside vessels or lighters, and other locations including locations at sea) where she can safely lie always afloat. Notwithstanding anything contained in this or any other clause of this charter, Charterers do not warrant the safety of any place to which they order the vessel and shall be under no liability in respect thereof except for loss or damage caused by their failure to exercise due diligence as aforesaid. Subject as above, the vessel shall be loaded and discharged at any places as Charterers may direct, provided that Charterers shall exercise due diligence to ensure that any ship-to-ship transfer operations shall conform to standards not less than those set out in the latest published edition of the ICS/OCIMF Ship-to-Ship Transfer Guide.

(d) Unless otherwise agreed, the vessel shall be delivered by Owners **liquid free under vapours of last cargo LPG or Propylene** dropping outward pilot at a **one safe port at a**

~~port in~~

**North West Europe Gibraltar-Hamburg Range including East Coast United Kingdom** at in Owners' option and redelivered to Owners **liquid free under vapours of last cargo, if LPG or Propylene, otherwise under minimum 99.9 pct Nitrogen and maximum 0.1 pct Oxygen, VCM not to be last 3 cargoes**, dropping outward pilot **one safe port at a port in**

**North West Europe Gibraltar - Hamburg Range, including East Coast United Kingdom** at in Charterers' option.

~~(e) The vessel will deliver with last cargo(es) of \_\_\_\_\_ and will redeliver with last cargo(es) of \_\_\_\_\_~~

(f) Owners are required to give Charterers **5/3/1** days ~~prior~~ **definite** notice of delivery (**including place**) and Charterers are

required to give Owners **30/20/15/10** days **approximate** notice and **5/3/1** days ~~prior~~ **definite** notice of redelivery. (**including place**).

Laydays/  
Cancelling  
Owners to  
Provide

5. The vessel shall not be delivered to Charterers before **27<sup>th</sup> May 2011 (00:01 hours)** and Charterers shall have the option of cancelling this charter if the vessel is not ready and at their disposal on or before **10<sup>th</sup> June 2011 (24:00 hours)**

6. Owners undertake to provide and to pay for all provisions, wages (including but not limited to all overtime payments), and shipping and discharging fees and all other expenses of the master, officers and crew; also, except as provided in Clauses 4 and 34 hereof, for all insurance on the vessel, for all deck, cabin and engine-room stores, and for water; for all drydocking, overhaul, maintenance and repairs to the vessel; and for all fumigation expenses and de-rat certificates. Owners' obligations under this Clause 6 extend to all liabilities for customs or import duties arising at any time during the performance of this charter in relation to the personal effects of the master, officers and crew, and in relation to the stores, provisions and other matters aforesaid which Owners are to provide and pay for

and Owners shall refund to Charterers any sums Charterers or their agents may have paid or been compelled to pay in respect of any such liability. Any amounts allowable in general average for wages and provisions and stores shall be credited to Charterers insofar as such amounts are in respect of a Period when the vessel is on-hire.

- Charterers to Provide 7. (a) Charterers shall provide and pay for all fuel (~~except fuel used for domestic services~~), towage and pilotage and shall pay agency fees, port charges, commissions, expenses of loading and unloading cargoes, canal dues, **garbage dues, security/watch costs and expenses and** all charges other than those payable by Owners in accordance with Clause 6 hereof, provided that all charges for the said items shall be for Owners' account when such items are consumed, employed or incurred for Owners' purposes or while the vessel is off-hire (unless such items reasonably relate to any service given or distance made good and taken into account under Clause 21 or 22); and provided further that any fuel used in connection with a general average sacrifice or expenditure shall be paid for by Owners.
- (b) In respect of bunkers consumed for Owners' purposes these will be charged on each occasion by Charterers on a "first-in-first-out" basis valued on the prices actually paid by Charterers.
- (c) If the trading limits of this charter include ports in the United States of America and/or its protectorates then Charterers shall reimburse Owners for port specific charges relating to additional premiums charged by providers of oil pollution cover, (**including COFR**) when incurred by the vessel calling at ports in the United States of America and/or its protectorates in accordance with Charterers orders.
- Rate of Hire 8. Subject as herein provided, Charterers shall pay for the use and hire of the vessel at the rate of United States Dollars **307,500 per calendar month including overtime plus United States Dollars 500 per calendar month for communications per day**, and pro rata for any part of a ~~day~~ month, from the time and date of her delivery (local time) to Charterers until the time and date of redelivery (local time) to Owners.
- Payment of Hire 9. Subject to Clause 3 (c) and 3 (e), payment of hire shall be made in immediately available funds to: **Owners' designated bank account.**

Account:

in United States Dollars per calendar month in advance, less:

- (i) any hire paid which Charterers reasonably estimate to relate to off-hire periods, and;
- (ii) any amounts disbursed on Owners' behalf, any advances and commission thereon, and charges which are for Owners' account pursuant to any provision hereof, and;
- (iii) any amounts due or reasonably estimated to become due to Charterers under Clause 3 (c) or 24 hereof,

any such adjustments to be made at the due date for the next monthly payment after the facts have been ascertained. Charterers shall not be responsible for any delay or error by Owners' bank in crediting Owners' account provided that Charterers have made proper and timely payment.

In default of such proper and timely payment:

- (a) Owners shall notify Charterers of such default and Charterers shall within seven days of receipt of such notice pay to Owners the amount due, including interest, failing which Owners may withdraw the vessel from the service of Charterers without prejudice to any other rights Owners may have under this charter or otherwise; and;
- (b) Interest on any amount due but not paid on the due date shall accrue from the day after that date up to and including the day when payment is made, at a rate per annum which shall be 1% above the U.S. Prime Interest Rate as published by the **Wall Street Journal Chase Manhattan Bank in New York at 12.00 New York time** on the due date, or, if no such interest rate is published on that day, the interest rate published on the next preceding day on which such a rate was so published, computed on the basis of a 360 day year of twelve 30-day months, compounded semi-annually.

- Space Available to Charterers 10. The whole reach, burthen and decks on the vessel and any passenger accommodation (including Owners' suite) shall be at Charterers' disposal, reserving only proper and sufficient space for the vessel's master, officers, crew, tackle, apparel, furniture, provisions and stores, provided that the weight of stores on board shall not, unless specially agreed, exceed **100** tonnes at any time during the charter period.

- Segregated Ballast 11. ~~In connection with the Council of the European Union Regulation on the Implementation of IMO Resolution A747(18) Owners will ensure that the following entry is made on the International Tonnage~~
-

and Owners shall refund to Charterers any sums Charterers or their agents may have paid or been compelled to pay in respect of any such liability. Any amounts allowable in general average for wages and provisions and stores shall be credited to Charterers insofar as such amounts are in respect of a Period when the vessel is on-hire.

- Charterers to Provide 7. (a) Charterers shall provide and pay for all fuel (~~except fuel used for domestic services~~), towage and pilotage and shall pay agency fees, port charges, commissions, expenses of loading and unloading cargoes, canal dues, **garbage dues, security/watch costs and expenses** and all charges other than those payable by Owners in accordance with Clause 6 hereof, provided that all charges for the said items shall be for Owners' account when such items are consumed, employed or incurred for Owners' purposes or while the vessel is off-hire (unless such items reasonably relate to any service given or distance made good and taken into account under Clause 21 or 22); and provided further that any fuel used in connection with a general average sacrifice or expenditure shall be paid for by Owners.
- (b) In respect of bunkers consumed for Owners' purposes these will be charged on each occasion by Charterers on a "first-in-first-out" basis valued on the prices actually paid by Charterers.
- (c) If the trading limits of this charter include ports in the United States of America and/or its protectorates then Charterers shall reimburse Owners for port specific charges relating to additional premiums charged by providers of oil pollution cover (**including COFR**), when incurred by the vessel calling at ports in the United States of America and/or its protectorates in accordance with Charterers orders.
- Rate of Hire 8. Subject as herein provided, Charterers shall pay for the use and hire of the vessel at the rate of United States Dollars **307,500 per calendar month including overtime plus United States Dollars 500 per calendar month for communications per day**, and pro rata for any part of a ~~day~~ month, from the time and date of her delivery (local time) to Charterers until the time and date of redelivery (local time) to Owners.
- Payment of Hire 9. Subject to Clause 3 (c) and 3 (e), payment of hire shall be made in immediately available funds to: **Owner's designated bank account.**

Account:

in United States Dollars per calendar month in advance, less:

- (i) any hire paid which Charterers reasonably estimate to relate to off-hire periods, and;
  - (ii) any amounts disbursed on Owners' behalf, any advances and commission thereon, and charges which are for Owners' account pursuant to any provision hereof, and;
  - (iii) any amounts due or reasonably estimated to become due to Charterers under Clause 3 (c) or 24 hereof,
- any such adjustments to be made at the due date for the next monthly payment after the facts have been ascertained. Charterers shall not be responsible for any delay or error by Owners' bank in crediting Owners' account provided that Charterers have made proper and timely payment.

In default of such proper and timely payment:

- (a) Owners shall notify Charterers of such default and Charterers shall within seven days of receipt of such notice pay to Owners the amount due, including interest, failing which Owners may withdraw the vessel from the service of Charterers without prejudice to any other rights Owners may have under this charter or otherwise; and;
- (b) Interest on any amount due but not paid on the due date shall accrue from the day after that date up to and including the day when payment is made, at a rate per annum which shall be 1% above the U.S. Prime Interest Rate as published by the **Wall Street Journal Chase Manhattan Bank in New York** at 12.00 New York time on the due date, or, if no such interest rate is published on that day, the interest rate published on the next preceding day on which such a rate was so published, computed on the basis of a 360 day year of twelve 30-day months, compounded semi-annually.

- Space Available to Charterers 10. The whole reach, burthen and decks on the vessel and any passenger accommodation (including Owners' suite) shall be at Charterers' disposal, reserving only proper and sufficient space for the vessel's master, officers, crew, tackle, apparel, furniture, provisions and stores, provided that the weight of stores on board shall not, unless specially agreed, exceed **100** tonnes at any time during the charter period.
- Segregated Ballast ~~11. In connection with the Council of the European Union Regulation on the Implementation of IMO Resolution A747(18) Owners will ensure that the following entry is made on the International Tonnage~~
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Certificate(1969) under the section headed "remarks": "the segregated ballast tanks comply with the Regulation 13 Annex 1 of the International Convention for the prevention of pollution from ships, 1973, as modified by the Protocol of 1978 relating thereto, and the total tonnage of such tanks exclusively used for the carriage of segregated water ballast is \_\_\_\_\_ .  
~~The reduced gross tonnage which should be used for calculation of tonnage based fees is \_\_\_\_\_ .~~

Instructions  
And Logs

12. Charterers shall from time to time give the master all requisite instructions and sailing directions (**subject always to the Master's paramount discretion as matters of navigation and routing**), and the master shall keep a full and correct log of the voyage or voyages, which Charterers or their agents may inspect as required. The master shall when required furnish Charterers or their agent with a true copy of such log and other returns as Charterers may require. Charterers shall be entitled to take copies at Owner's expense of any such documents which are not provided by the master.

Bills of  
Lading

13. (a) The master (although appointed by Owners) shall be under the orders and direction of Charterers as regards employment of the Vessel, agency and other arrangements, and shall sign Bills of Lading as Charterers or their agents may direct (subject always to Clauses 35(a) and 40) without prejudice to this charter. Charterers hereby indemnify Owners against all consequences or liabilities that may arise;
- (i) from signing Bills of Lading in accordance with the directions of Charterers or their agents, to the extent that the terms of such Bills of Lading fail to conform to the requirements of this charter, or (except as provided in Clauses 13 (b)) from the master otherwise complying with Charterers' or their agents' orders;
- (ii) from any irregularities in papers supplied by Charterers or their agents.
- (b) If Charterers by telex, facsimile or other form of written communication that specifically refers to this clause request Owners to discharge a quantity of cargo either without Bills of Lading and/or at a discharge place other than that named in a Bills of Lading and/or that is different from the Bills of Lading quantity, then Owners shall discharge such cargo in accordance with Charterers' instructions in consideration of receiving the following indemnity which shall be deemed to be given by Charterers on each and every such occasion and which is limited in value to 200% of the CIF value of the cargo carried on board;
- "(i) Charterers shall indemnify Owners and Owners' servants and agents in respect of any liability loss or damage of whatsoever nature (including legal costs as between attorney or solicitor and client and associated expenses) which Owners or may sustain by reason of delivering such cargo in accordance with Charterers' request.
- (ii) If any proceeding is commenced against Owners or any of Owners' servants or agents in connection with the vessels having delivered cargo in accordance with such request, Charterers shall provide Owners or any of Owners' servants or agents from time to time on demand with sufficient funds to defend the said proceedings.
- (iii) If the Vessel or any other vessel or property belonging to Owners **or in associated Ownership, Management or Control** should be arrested or detained, or if the arrest or detention thereof should be threatened, by reason of discharge in accordance with Charterers' instruction as aforesaid, Charterers shall provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such vessel or property and Charterers shall indemnify Owners in respect of any loss, damage or expenses caused by such arrest or detention whether or not same may be justified.
- (iv) Charterers shall, if called upon to do so at any time while such cargo is in Charterers' possession, custody or control, redeliver the same to Owners.
- (v) As soon as all original Bills of Lading for the above cargo which name as discharge port the place where delivery actually occurred shall have arrived and/or come into Charterers' possession, Charterers shall produce and deliver the same to Owners whereupon Charterers' liability hereunder shall cease.
- Provided however, if Charterers have not received all such original Bills of Lading by 24.00 hours on the day 36 calendar months after the date of discharge, that this indemnity shall terminate at that time unless before that time Charterers have received from Owners written notice that:
- a) Some person is making a claim in connection with Owners delivering cargo pursuant to Charterers' request or,  
b) Legal proceedings have been commenced against Owners and/or carriers and/or Charterers and/or any of their respective servants or agents and/or the vessel for the same
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reason.

When Charterers have received such a notice, then this indemnity shall continue in force until such claim or legal proceedings are settled. Termination of this indemnity shall not prejudice any legal rights a party may have outside this indemnity.

(vi) Owners shall promptly notify Charterers if any person (other than a person to whom Charterers ordered cargo to be delivered) claims to be entitled to such cargo and/or if the vessel or any other property belonging to Owners is arrested by reason of any such discharge of cargo. vii) This indemnity shall be governed and construed in accordance with the English law and each and any dispute arising out of or in connection with this indemnity shall be subject to the jurisdiction of the High Court of Justice of England”.

(c) Owners warrant that the Master will comply with orders to carry and discharge against one or more Bills of Lading from a set of original negotiable Bills of Lading should Charterers so ~~R~~**require and upon receipt of proof of identity from the receivers nominated by Charterers.**

- Conduct  
Vessel's  
Personnel
- Bunkers at  
Delivery and  
Redelivery
- Stevedores  
Pilots, Tugs
- Super-  
Numeraries
- Sub-letting/  
Assignment/  
Novation  
Final Voyage
14. If Charterers complain of the conduct of the master or any of the officers or crew, Owners shall immediately investigate the complaint. If the complaint proves to be well founded, Owners shall, without delay, make a change in the appointments and Owners shall in any event communicate the result of their investigations to Charterers as soon as possible.
15. Charterers shall accept and pay for all bunkers on board at the time of delivery, and Owners shall on redelivery (whether it occurs at the end of the charter or on the earlier termination of this charter) accept and pay for all bunkers remaining on board, at the price actually paid, on a “first-in-first-out” basis. Such prices are to be supported by paid invoices. **A statement shall be issued by the Master/Chief Engineer determining bunkers remaining onboard on delivery and redelivery.** Vessel to be delivered to and redelivered from the charter with, at least, a quantity of bunkers on board sufficient to reach the nearest main bunkering port. Notwithstanding anything contained in this charter all bunkers on board the vessel shall, throughout the duration of this charter, remain the property of Charterers and can only be purchased on the terms specified in the charter at the end of the charter period or, if earlier, at the termination of the charter.
16. Stevedores, when required, shall be employed and paid by Charterers, but this shall not relieve Owners from responsibility at all times for proper stowage, which must be controlled by the master who shall keep a strict account of all cargo loaded and discharged. Owners hereby indemnify Charterers, their servants and agents against all losses, claims, responsibilities and liabilities arising in any way whatsoever from the employment of pilots, tugboats or stevedores, who although employed by Charterers shall be deemed to be the servants of and in the service of Owners and under their instructions (even if such pilots, tugboat personnel or stevedores are in fact the servants of Charterers their agents or any affiliated company); provided, however, that;
- (a) the foregoing indemnity shall not exceed the amount to which Owners would have been entitled to limit their liability if they had themselves employed such pilots, tugboats or stevedores, and;
- (b) Charterers shall be liable for any damage to the vessel caused by or arising out of the use of stevedores, fair wear and tear excepted, ~~to the extent that Owners are unable by the exercise of due diligence to obtain redress therefor from stevedores.~~
17. Charterers may send representatives in the vessel's available accommodation upon any voyage made under this charter, Owners finding provisions and all requisites as supplied to officers, except alcohol. Charterers paying at the rate of United States Dollars 15 (fifteen) per day for each representative while on board the vessel.
18. Charterers may sub-let the vessel, but shall always remain responsible to Owners for due fulfilment of this charter. ~~Additionally Charterers may assign or novate this charter to any company of the Royal Dutch/Shell Group of Companies.~~
19. If when a payment of hire is due hereunder Charterers reasonably expect to redeliver the vessel before the next payment of hire would fall due, the hire to be paid shall be assessed on Charterers' reasonable estimate of the time necessary to complete Charterers' programme up to redelivery, and from which estimate Charterers may deduct amounts due or reasonably expected to become due for;
- (a) disbursements on Owners' behalf or charges for Owners' account pursuant to any provision hereof, and;
- (b) bunkers on board at redelivery pursuant to Clause 15.
- Promptly after redelivery any overpayment shall be refunded by Owners or any underpayment made good by Charterers.
- If at the time this charter would otherwise terminate in accordance with Clause 4 the vessel is on a
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ballast voyage to a port of redelivery or is upon a laden voyage, Charterers shall continue to have the use of the vessel at the same rate and conditions as stand herein for as long as necessary to complete such ballast voyage, or to complete such laden voyage and return to a port of redelivery as provided by this charter, as the case may be.

- Loss of Vessel
20. Should the vessel be lost, this charter shall terminate and hire shall cease at noon on the day of her loss; should the vessel be a constructive total loss, this charter shall terminate and hire shall cease at noon on the day on which the vessel's underwriters agree that the vessel is a constructive total loss; should the vessel be missing, this charter shall terminate and hire shall cease at noon on the day on which she was last heard of. Any hire paid in advance and not earned shall be returned to Charterers and Owners shall reimburse Charterers for the value of the estimated quantity of bunkers on board at the time of termination, at the price paid by Charterers at the last bunkering port.
- Off-hire
21. (a) On each and every occasion that there is loss of time (whether by way of interruption in the vessel's service or, from reduction in the vessel's performance, or in any other manner);
- (i) due to deficiency of personnel or stores; repairs; gas-freeing for repairs; time in and waiting to enter dry dock for repairs; breakdown (whether partial or total) of machinery, boilers or other parts of the vessel or her equipment (including without limitation tank coatings); overhaul, maintenance or survey; collision, stranding, accident or damage to the vessel; or any other similar cause preventing the efficient working of the vessel; and such loss continues for more than three consecutive hours (if resulting from interruption in the vessel's service) or cumulates to more than three hours (if resulting from partial loss of service); or;
  - (ii) due to industrial action, refusal to sail, breach of orders or neglect of duty on the part of the master, officers or crew; or;
  - (iii) for the purpose of obtaining medical advice or treatment for or landing any sick or injured person (other than a Charterers' representative carried under Clause 17 hereof) or for the purpose of landing the body of any person (other than a Charterers' representative), and such loss continues for more than ~~three~~ six consecutive hours; or;
  - (iv) due to any delay in quarantine arising from the master, officers or crew having had communication with the shore (**which shall not include visits to the vessel by shore-based personnel**) at any infected area without the written consent or instructions of Charterers or their agents, or to any detention by customs or other authorities caused by smuggling or other infraction of local law on the part of the master, officers, or crew; or;
  - (v) due to detention of the vessel by authorities at home or abroad attributable to legal action against or breach of regulations by the vessel, the vessel's owners, or Owners (unless brought about by the act or neglect of Charterers); then;  
without prejudice to Charterers' rights under Clause 3 or to any other rights of Charterers hereunder, or otherwise, the vessel shall be off-hire from the commencement of such loss of time until she is again ready and in an efficient state to resume her service from a position not less favourable to Charterers than that at which such loss of time commenced; provided, however, that any service given or distance made good by the vessel whilst off-hire shall be taken into account in assessing the amount to be deducted from hire.
- (b) If the vessel fails to proceed at any guaranteed speed pursuant to Clause 24, and such failure arises wholly or partly from any of the causes set out in Clause 21(a) above, then the period for which the vessel shall be off-hire under this Clause 21 shall be the difference between;
- (i) the time the vessel would have required to perform the relevant service at such guaranteed speed, and;
  - (ii) the time actually taken to perform such service (including any loss of time arising from interruption in the performance of such service).
- For the avoidance of doubt, all time included under (ii) above shall be excluded from any computation under Clause 24.
- (c) Further and without prejudice to the foregoing, in the event of the vessel deviating (which expression includes without limitation putting back, or putting into any port other than that to which she is bound under the instructions of Charterers) for any cause or purpose mentioned in Clause 21(a), the vessel shall be off-hire from the commencement of such deviation until the time when she is again ready and in an efficient state to resume her service from a position not less favourable to Charterers than that at which the deviation commenced, provided, however, that any service given or distance made good by the vessel whilst so off-hire shall be taken into account in assessing the amount to be deducted from hire. If the vessel, for any cause or
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purpose mentioned in Clause 21 (a), puts into any port other than the port to which she is bound on the instructions of Charterers, the port charges, pilotage and other expenses at such port shall be borne by Owners. Should the vessel be driven into any port or anchorage by stress of weather hire shall continue to be due and payable during any time lost thereby.

- (d) If the vessel's flag state becomes engaged in hostilities, and Charterers in consequence of such hostilities find it commercially impracticable to employ the vessel and have given Owners written notice thereof then from the date of receipt by Owners of such notice until the termination of such commercial impracticability the vessel shall be off-hire and Owners shall have the right to employ the vessel on their own account.
- (e) Time during which the vessel is off-hire under this charter shall count as part of the charter period ~~except where Charterers declare their option to add off-hire periods under Clause 4 (b)~~;
- (f) All references to "time" in this charter party shall be references to local time except where otherwise stated.

Periodical  
Drydocking

22. (a) ~~Owners have the right and obligation to drydock the vessel at regular intervals of Except in the case of an emergency, the vessel shall not drydock during the currency of this Charter.~~

~~On each occasion Owners shall propose to Charterers a date on which they wish to drydock the vessel, not less than \_\_\_\_\_ before such date, and Charterers shall offer a port for such periodical drydocking and shall take all reasonable steps to make the vessel available as near to such date as practicable.~~

~~Owners shall put the vessel in drydock at their expense as soon as practicable after Charterers place the vessel at Owners' disposal clear of cargo other than tank washings and residues. Owners shall be responsible for and pay for the disposal into reception facilities of such tank washings and residues and shall have the right to retain any monies received therefor, without prejudice to any claim for loss of cargo under any Bill of Lading or this charter.~~

- ~~(b) If a periodical drydocking is carried out in the port offered by Charterers (which must have suitable accommodation for the purpose and reception facilities for tank washings and residues), the vessel shall be off-hire from the time she arrives at such port until drydocking is completed and she is in every way ready to resume Charterers' service and is at the position at which she went off-hire or a position no less favourable to Charterers, whichever she first attains. However;~~

~~(i) provided that Owners exercise due diligence in gas-freing, any time lost in gas-freing to the standard required for entry into drydock for cleaning and painting the hull shall not count as off-hire, whether lost on passage to the drydocking port or after arrival there (notwithstanding Clause 21), and;~~

~~(ii) any additional time lost in further gas-freing to meet the standard required for hot work or entry to cargo tanks shall count as off-hire, whether lost on passage to the drydocking port or after arrival there.~~

~~Any time which, but for sub-Clause (i) above, would be off-hire, shall not be included in any calculation under Clause 24.~~

~~The expenses of gas-freing, including without limitation the cost of bunkers, shall be for Owners account.~~

- ~~(c) If Owners require the vessel, instead of proceeding to the offered port, to carry out periodical drydocking at a special port selected by them, the vessel shall be off-hire from the time when she is released to proceed to the special port until she next presents for loading in accordance with Charterers' instructions, provided, however, that Charterers shall credit Owners with the time which would have been taken on passage at the service speed had the vessel not proceeded to drydock. All fuel consumed shall be paid for by Owners but Charterers shall credit Owners with the value of the fuel which would have been used on such notional passage calculated at the guaranteed daily consumption for the service speed, and shall further credit Owners with any benefit they may gain in purchasing bunkers at the special port.~~
- ~~(d) Charterers shall, insofar as cleaning for periodical drydocking may have reduced the amount of tank-cleaning necessary to meet Charterers' requirements, credit Owners with the value of any bunkers which Charterers calculate to have been saved thereby, whether the vessel drydocks at an offered or a special port.~~

Ship Inspection

23. Charterers shall have the right at any time during the charter period to make such inspection of the vessel as they may consider necessary. This right may be exercised as often and at such intervals as Charterers in their absolute discretion may determine and whether the vessel is in port or on passage. Owners affording all necessary co-operation and accommodation on board provided, however:
- (a) that neither the exercise nor the non-exercise, nor anything done or not done in the exercise

or non-exercise, by Charterers of such right shall in any way reduce the master's or Owners' authority over, or responsibility to Charterers or third parties for, the vessel and every aspect of her operation, nor increase Charterers' responsibilities to Owners or third parties for the same; ~~and;~~

- (b) that Charterers shall not be liable for any act, neglect or default by themselves, their servants or agents in the exercise or non-exercise of the aforesaid right; **and**  
 (c) **that Charterers' servants or agents sign Owners' Standard LOI.**

Detailed  
Description and  
Performance

24. (a) Owners guarantee that the speed and consumption of the vessel shall be as follows:-

“About” (defined +/- 0.05 knot)/“About” (defined +/- 5 per cent)(basis wind + sea-state not exceeding Beaufort 4+ Douglas 3 respectively)

Average speed in knots	Maximum average bunker consumption per day	
	main propulsion fuel oil/diesel oil	auxiliaries fuel oil/diesel oil
Laden	tonnes	tonnes
12.5 Knots	12.50 m.t./IFO(380)	1.5 m.t/ MDO
	/	/
	/	/
Ballast		
12.5 Knots	12.50 m.t./IFO(380)	1.5 m.t/ MDO
Loading	0.75 m.t./IFO(380)	1.5 m.t/ MDO
Discharging	0.75 m.t./IFO(380)	3.0 m.t/ MDO

**All of the above given in good faith but without guarantee or engagement**

The foregoing bunker consumptions are for all purposes except **Cargo pumping, inerting, ballasting/deballasting** cargo heating and tank cleaning and shall be pro-rated between the speeds shown.

The service speed of the vessel is **about 12.5** knots laden and **about 12.5** knots in ballast and in the absence of Charterers' orders to the contrary the vessel shall proceed at the service speed. ~~However if more than one laden and one ballast speed are shown in the table above Charterers shall have the right to order the vessel to steam at any speed within the range set out in the table (the “ordered speed”):~~

~~If the vessel is ordered to proceed at any speed other than the highest speed shown in the table, and the average speed actually attained by the vessel during the currency of such order exceeds such ordered speed plus 0.5 knots (the “maximum recognised speed”), then for the purpose of calculating a decrease of hire under this Clause 24 the maximum recognised speed shall be used in place of the average speed actually attained.~~

For the purposes of this charter the “guaranteed speed” at any time shall be the then-current ordered speed or the service speed, as the case may be.

The average speeds and bunker consumptions shall for the purposes of this Clause 24 be calculated by reference to the observed distance from pilot station to pilot station on all sea passages during each period stipulated in Clause 24 (c), but excluding any time during which the vessel is (or but for Clause 22 (b) (i) would be) off-hire and also excluding “Adverse Weather Periods”, being;

- (i) any periods during which reduction of speed is necessary for safety in congested waters or in poor visibility or **is due to the effect of adverse currents** ;  
 (ii) any days, noon to noon, when winds exceed force ~~8-4~~ on the Beaufort Scale **and/or seas exceed sea state 3 on the Douglas Scale** for more than ~~±2-6~~ hours. **Weather, wind and sea conditions shall be taken from the vessel's deck logs. For the purpose of any calculation under this clause, any day on which wind or sea conditions exceed the above listed criteria will be excluded in its entirety from the calculation.**

- ~~(b) If during any year from the date on which the vessel enters service (anniversary to anniversary) the vessel falls below or exceeds the performance guaranteed in Clause 24 (a) then if such shortfall or excess results;~~

- ~~(i) from a reduction or an increase in the average speed of the vessel, compared to the speed guaranteed in Clause 24 (a) then an amount equal to the value at the hire rate of the time so lost or gained, as the case may be, shall be included in the performance calculation;~~

(ii) ~~from an increase or a decrease in the total bunkers consumed, compared to the total bunkers which would have been consumed had the vessel performed as guaranteed in Clause 24 (a) an amount equivalent to the value of the additional bunkers consumed or the bunkers saved, as the case may be, based on the average price paid by Charterers for the vessel's bunkers in such period, shall be included in the performance calculation.~~

~~The results of the performance calculation for laden and ballast mileage respectively shall be adjusted to take into account the mileage steamed in each such condition during Adverse Weather Periods, by dividing such addition or deduction by the number of miles over which the performance has been calculated and multiplying by the same number of miles plus the miles steamed during the Adverse Weather Periods, in order to establish the total performance calculation for such period.~~

~~Reduction of hire under the foregoing sub-Clause (b) shall be without prejudice to any other remedy available to Charterers.~~

(c) ~~Calculations under this Clause 24 shall be made for the yearly periods terminating on each successive anniversary of the date on which the vessel enters service, and for the period between the last such anniversary and the date of termination of this charter if less than a year. Claims in respect of reduction of hire arising under this Clause during the final year or part year of the charter period shall in the first instance be settled in accordance with Charterers' estimate made two months before the end of the charter period. Any necessary adjustment after this charter terminates shall be made by payment by Owners to Charterers or by Charterers to Owners as the case may require.~~

(d) Owners and Charterers agree that this Clause 24 is assessed on the basis that Owners are not entitled to additional hire for performance in excess of the speeds and consumptions given in this Clause 24. **However, over-performance shall be offset against under-performance, if any, but in the event over-performance exceeds under-performance no payment shall be due to Owners.**

Salvage 25. Subject to the provisions of Clause 21 hereof, all loss of time and all expenses (excluding any damage to or loss of the vessel or tortious liabilities to third parties) incurred in saving or attempting to save life or in successful or unsuccessful attempts at salvage shall be borne equally by Owners and Charterers provided that Charterers shall not be liable to contribute towards any salvage payable by Owners arising in any way out of services rendered under this Clause 25. All salvage and all proceeds from derelicts shall be divided equally between Owners and Charterers after deducting the master's, officers' and crew's share.

Lien 26. Owners shall have a lien upon all cargoes and all **sub-hires**, freights, sub-freights and demurrage for any amounts due under this charter; and Charterers shall have a lien on the vessel for all monies paid in advance and not earned, and for all claims for damages arising from any breach by Owners of this charter, **Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents which might have priority over the title and interest of Owners in the vessel. In no event shall Charterers procure, or permit to be procured, for the vessel any supplies, necessaries or services without previously obtaining a statement signed by an authorised representative of the furnisher thereof, acknowledging that such supplies, necessaries or services are being furnished on the credit of Charterers and not on the credit of the vessel or of her Owners, and that the furnisher claims no maritime lien on the vessel therefor. Furthermore, Charterers shall indemnify Owners for any and all consequences of whatsoever nature arising out of supplies, necessaries or services being furnished to the vessel on the credit of Charterers during the course of this charter, whether said consequences arise during the course of this charter or subsequently.**

Exceptions 27. (a) The vessel, her master and Owners shall not, unless otherwise in this charter expressly provided, be liable for any loss or damage or delay or failure arising or resulting from any act, neglect or default of the master, pilots, mariners or other servants of Owners in the navigation or management of the vessel; fire, unless caused by the actual fault or privity of Owners; collision or stranding; dangers and accidents of the sea; explosion, bursting of boilers, breakage of shafts or any latent defect in hull, equipment or machinery; provided, however, that Clauses 1, 2, 3 and 24 hereof shall be unaffected by the foregoing. Further, neither the vessel, her master or Owners, nor Charterers shall, unless otherwise in this charter expressly provided, be liable for any loss or damage or delay or failure in performance hereunder arising or resulting from act of God, act of war, seizure under legal process, quarantine restrictions, strikes, lock-outs, riots, restraints of labour, civil commotions or arrest or restraint of princes, rulers or people.

(b) The vessel shall have liberty to sail with or without pilots, to tow or go to the assistance of vessels in distress and to deviate for the purpose of saving life or property.

(c) Clause 27(a) shall not apply to, or affect any liability of Owners or the vessel or any other

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relevant person in respect of;

- (i) loss or damage caused to any berth, jetty, dock, dolphin, buoy, mooring line, pipe or crane or other works or equipment whatsoever at or near any place to which the vessel may proceed under this charter, whether or not such works or equipment belong to Charterers, or;
- (ii) any claim (whether brought by Charterers or any other person) arising out of any loss of or damage to or in connection with cargo. Any such claim shall be subject to the Hague-Visby Rules or the Hague Rules or the Hamburg Rules, as the case may be, which ought pursuant to Clause 38 hereof to have been incorporated in the relevant Bill of Lading (whether or not such Rules were so incorporated) or, if no such Bill of Lading is issued, to the Hague-Visby Rules unless the Hamburg Rules compulsorily apply in which case to the Hamburg Rules.

(d) In particular and without limitation, the foregoing subsections (a) and (b) of this Clause shall not apply to or in any way affect any provision in this charter relating to off-hire or to reduction of hire.

- Injurious Cargoes 28. No acids, explosives or cargoes injurious to the vessel shall be shipped and without prejudice to the foregoing any damage to the vessel caused by the shipment of any such cargo, and the time taken to repair such damage, shall be for Charterers' account. No voyage shall be undertaken, nor any goods or cargoes loaded, that would expose the vessel to capture or seizure by rulers or governments.
- Grade of Bunkers 29. Charterers shall supply fuel oil with a maximum viscosity of **380** centistokes at 50 degrees centigrade and/or marine diesel oil for main propulsion and fuel oil with a maximum viscosity of **380** centistokes at 50 degrees centigrade and/or diesel oil for the auxiliaries. If Owners require the vessel to be supplied with more expensive bunkers they shall be liable for the extra cost thereof.  
Charterers warrant that all bunkers provided by them in accordance herewith shall be of a quality complying with **the latest edition of ISO Standard 8217 for Marine Residual Fuels and Marine Distillate Fuels as a applicable and of a fitness suitable for burning in the vessel's main propulsion and auxiliaries. If, at any time after commencement of this charter, applicable international, regional, national or local requirements / rules by way of bunker specifications or standards are introduced anywhere within the trading range under this charter, Charterers shall supply bunkers in compliance with said requirements/rules.**
- Disbursements 30. Should the master require advances for ordinary disbursements at any port, Charterers or their agents shall make such advances to him, in consideration of which Owners shall pay a commission of two and a half per cent, and all such advances and commission shall be deducted from hire.
- Laying-up ~~31. Charterers shall have the option, after consultation with Owners, of requiring Owners to lay up the vessel at a safe place nominated by Charterers, in which case the hire provided for under this charter shall be adjusted to reflect any net increases in expenditure reasonably incurred or any net saving which should reasonably be made by Owners as a result of such lay up. Charterers may exercise the said option any number of times during the charter period.~~
- Requisition 32. Should the vessel be requisitioned by any government, de facto or de jure, during the period of this charter, the vessel shall be off-hire during the period of such requisition, and any hire paid by such governments in respect of such requisition period shall be for Owners' account. Any such requisition period shall count as part of the charter period.
- Outbreak of War 33. If war or hostilities break out between any two or more of the following countries: U.S.A., the countries or republics having been part of the former U.S.S.R (except that declaration of war or hostilities solely between any two or more of the countries or republics having been part of the former USSR shall be exempted), P.R.C., U.K., Netherlands, then both Owners and Charterers shall have the right to cancel this charter **only if such war or hostilities have a direct and material impact on the vessel's ability to trade freely.**
- Additional War Expenses 34. If the vessel is ordered to trade in areas where there is war (de facto or de jure) or threat of war, Charterers shall reimburse Owners for any additional insurance premia, crew bonuses and other expenses which are reasonably incurred by Owners as a consequence of such orders, provided that Charterers are given notice of such expenses as soon as practicable and in any event before such expenses are incurred, ~~and provided further that Owners obtain from their insurers a waiver of any subrogated rights against Charterers in respect of any claims by Owners under their war risk insurance arising out of compliance with such orders.~~  
Any payments by Charterers under this clause will only be made against proven documentation. Any discount or rebate refunded to Owners, for whatever reason, in respect of additional war risk premium shall be passed on to Charterers. **The vessel's insured value for war risks is United States Dollars 16,000,000.**
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- War Risks
35. (a) The master shall not be required or bound to sign Bills of Lading for any place which in his or Owners' reasonable opinion is dangerous or impossible for the vessel to enter or reach owing to any blockade, war, hostilities, warlike operations, civil war, civil commotions or revolutions.
- (b) If in the reasonable opinion of the master or Owners it becomes, for any of the reasons set out in Clause 35(a) or by the operation of international law, dangerous, impossible or prohibited for the vessel to reach or enter, or to load or discharge cargo at, any place to which the vessel has been ordered pursuant to this charter (a "place of peril"), then Charterers or their agents shall be immediately notified in writing or by radio messages, and Charterers shall thereupon have the right to order the cargo, or such part of it as may be affected, to be loaded or discharged, as the case may be, at any other place within the trading limits of this charter (provided such other place is not itself a place of peril). If any place of discharge is or becomes a place of peril, and no orders have been received from Charterers or their agents within 48 hours after dispatch of such messages, then Owners shall be at liberty to discharge the cargo or such part of it as may be affected at any place which they or the master may in their or his discretion select within the trading limits of this charter and such discharge shall be deemed to be due fulfilment of Owners' obligations under this charter so far as cargo so discharged is concerned.
- (c) The vessel shall have liberty to comply with any directions or recommendations as to departure, arrival, routes, ports of call, stoppages, destinations, zones, waters, delivery or in any other wise whatsoever given by the government of the state under whose flag the vessel sails or any other government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or local authority including any de facto government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or local authority or by any committee or person having under the terms of the war risks insurance on the vessel the right to give any such directions or recommendations. If by reason of or in compliance with any such directions or recommendations anything is done or is not done, such shall not be deemed a deviation. If by reason of or in compliance with any such direction or recommendation the vessel does not proceed to any place of discharge to which she has been ordered pursuant to this charter, the vessel may proceed to any place which the master or Owners in his or their discretion select and there discharge the cargo or such part of it as may be affected. Such discharge shall be deemed to be due fulfilment of Owners' obligations under this charter so far as cargo so discharged is concerned.
- Charterers shall procure that all Bills of Lading issued under this charter shall contain the **BIMCO War Risks Clause for Voyage Charter Parties 2004**  
~~Chamber of Shipping War Risks Clause 1952.~~
- Both to Blame Collision Clause
36. If the liability for any collision in which the vessel is involved while performing this charter falls to be determined in accordance with the laws of the United States of America, the following provision shall apply:
- "If the ship comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the master, mariner, pilot or the servants of the carrier in the navigation or in the management of the ship, the owners of the cargo carried hereunder will indemnify the carrier against all loss, or liability to the other or non-carrying ship or her owners in so far as such loss or liability represents loss of, or damage to, or any claim whatsoever of the owners of the said cargo, paid or payable by the other or non-carrying ship or her owners to the owners of the said cargo and set off, recouped or recovered by the other or non-carrying ship or her owners as part of their claim against the carrying ship or carrier."
- "The foregoing provisions shall also apply where the owners, operators or those in charge of any ship or ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect of a collision or contact."
- Charterers shall procure that all Bills of Lading issued under this charter shall contain a provision in the foregoing terms to be applicable where the liability for any collision in which the vessel is involved falls to be determined in accordance with the laws of the United States of America.
- New Jason Clause
37. General average contributions shall be payable according to York/Antwerp Rules, 1994, as amended from time to time, and shall be adjusted and settled in United States Dollars in London in accordance with English law and practice but should adjustment be made in accordance with the law and practice of the United States of America, the following position shall apply:
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“In the event of accident, danger, damage or disaster before or after the commencement of the voyage, resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the carrier is not responsible by statute, contract or otherwise, the cargo, shippers, consignees or owners of the cargo shall contribute with the carrier in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo.”

“If a salving ship is owned or operated by the carrier, salvage shall be paid for as fully as if the said salving ship or ships belonged to strangers. Such deposit as the carrier or his agents may deem sufficient to cover the estimated contribution of the cargo and any salvage and special charges thereon shall, if required, be made by the cargo, shippers, consignees or owners of the cargo to the carrier before delivery.”

Charterers shall procure that all Bills of Lading issued under this charter shall contain a provision in the foregoing terms, to be applicable where adjustment of general average is made in accordance with the laws and practice of the United States of America.

- Clause  
Paramount
38. Charterers shall procure that all Bills of Lading issued pursuant to this charter shall contain the following:
- “(1) Subject to sub-clause (2) or (3) hereof, this Bill of Lading shall be governed by, and have effect subject to, the rules contained in the International Convention for the Unification of Certain Rules relating to Bills of Lading signed at Brussels on 25th August 1924 (hereafter the “Hague Rules”) as amended by the Protocol signed at Brussels on 23rd February 1968 (hereafter the “Hague-Visby Rules”). Nothing contained herein shall be deemed to be either a surrender by the carrier of any of his rights or immunities or any increase of any of his responsibilities or liabilities under the Hague-Visby Rules.”
- “(2) If there is governing legislation which applies the Hague Rules compulsorily to this Bill of Lading, to the exclusion of the Hague-Visby Rules, then this Bill of Lading shall have effect subject to the Hague Rules. Nothing therein contained shall be deemed to be either a surrender by the carrier of any of his rights or immunities or an increase of any of his responsibilities or liabilities under the Hague Rules.”
- “(3) If there is governing legislation which applies the United Nations Convention on the Carriage of Goods by Sea 1978 (hereafter the “Hamburg Rules”) compulsorily to this Bill of Lading, to the exclusion of the Hague-Visby Rules, then this Bill of Lading shall have effect subject to the Hamburg Rules. Nothing therein contained shall be deemed to be either a surrender by the carrier of any of his rights or immunities or an increase of any of his responsibilities or liabilities under the Hamburg Rules.”
- “(4) If any term of this Bill of Lading is repugnant to the Hague-Visby Rules, or Hague Rules, or Hamburg Rules, as applicable, such term shall be void to that extent but no further.”
- “(5) Nothing in this Bill of Lading shall be construed as in any way restricting, excluding or waiving the right of any relevant party or person to limit his liability under any available legislation and/or law.”
- Insurance/  
ITOPF
39. Owners warrant that the vessel is now, and will, throughout the duration of the charter:
- (a) be owned or demise chartered by a member of the International Tanker Owners Pollution Federation Limited;
- (b) be properly entered in **United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited** P&I Club, being a member of the International Group of P and I Clubs;
- (c) have in place insurance cover for oil pollution for the maximum on offer through the International Group of P&I Clubs but always a minimum of United States Dollars 1,000,000,000 (one thousand million);
- (d) have in full force and effect Hull and Machinery insurance placed through reputable brokers on Institute Time Clauses or equivalent for the value of United States Dollars **16,000,000** as from time to time may be amended with Charterers’ approval, which shall not be unreasonably withheld.
- Owners will provide, within a reasonable time following a request from Charterers to do so, documented evidence of compliance with the warranties given in this Clause 39.
- Export  
Restrictions
40. The master shall not be required or bound to sign Bills of Lading for the carriage of cargo to any place to which export of such cargo is prohibited under the laws, rules or regulations of the country in which the cargo was produced and/or shipped.
- Charterers shall procure that all Bills of Lading issued under this charter shall contain the following clause:
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“If any laws rules or regulations applied by the government of the country in which the cargo was produced and/or shipped, or any relevant agency thereof, impose a prohibition on export of the cargo to the place of discharge designated in or ordered under this Bill of Lading, carriers shall be entitled to require cargo owners forthwith to nominate an alternative discharge place for the discharge of the cargo, or such part of it as may be affected, which alternative place shall not be subject to the prohibition, and carriers shall be entitled to accept orders from cargo owners to proceed to and discharge at such alternative place. If cargo owners fail to nominate an alternative place within 72 hours after they or their agents have received from carriers notice of such prohibition, carriers shall be at liberty to discharge the cargo or such part of it as may be affected by the prohibition at any safe place on which they or the master may in their or his absolute discretion decide and which is not subject to the prohibition, and such discharge shall constitute due performance of the contract contained in this Bill of Lading so far as the cargo so discharged is concerned”. The foregoing provision shall apply mutatis mutandis to this charter, the references to a Bill of Lading being deemed to be references to this charter.

- Business Principles 41. ~~Owners will co-operate with Charterers to ensure that the “Business Principles”, as amended from time to time, of the Royal Dutch/Shell Group of Companies, which are posted on the Shell Worldwide Web (www.Shell.com), are complied with.~~
- Drugs and Alcohol 42. (a) Owners warrant that they have in force an active policy covering the vessel which meets or exceeds the standards set out in the “Guidelines for the Control of Drugs and Alcohol On Board Ship” as published by the Oil Companies International Marine Forum (OCIMF) dated January 1990 (or any subsequent modification, version, or variation of these guidelines) and that this policy will remain in force throughout the charter period, and Owners will exercise due diligence to ensure the policy is complied with.  
(b) Owners warrant that the current policy concerning drugs and alcohol on board is acceptable to ExxonMobil and will remain so throughout the charter period.
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Oil Major  
Acceptability

43. In recent months the vessel has been physically inspected by and, to the best of Owners knowledge (but always without guarantee or engagement), at the date of this charter is acceptable to:

CDI, ConocoPhillips, Lukoil, Repsol and Statoil.

In addition, the vessel has been physically inspected by BP whose acceptance is awaited.

It is Owners' belief (but always without guarantee or engagement) that the vessel should be acceptable to other oil majors/companies after screening via CDI or SIRE.

With Charterers' assistance (including but not limited to timely advising details of the vessel's loading/discharging programme and of Charterers' agents), Owners shall arrange inspections, or obtain acceptances by other methods, of the vessel in accordance with her trading pattern by/from any oil majors/companies reasonably required by Charterers in order to trade the vessel.

It is noted by Charterers that two or more inspections cannot be held simultaneously at a same berth or anchorage and that the gap between inspections should not be less than 30 days, unless in the event of an unsatisfactory SIRE/CDI report, in which case Owners to have the vessel re-inspected at the earliest opportunity (always subject to SIRE/CDI requirements).

Costs, if any, of such inspections shall be for Owners' account.

It is understood and agreed that if any oil major/company invited to inspect does not do so because the scheduled timing or the place for inspection or the vessel itself does not fit its requirements, Owners shall not be required to obtain an acceptance from that oil major/company provided that Owners can prove such reason.

If, at any time during the charter period, the vessel becomes unacceptable to any oil major/company following an inspection by that oil major/company, Charterers shall have the right to terminate the charter provided the causes of such unacceptability, in the opinion of the inspecting oil major/company, are material and are not capable of being rectified in early course. It is understood and agreed that this clause cannot take effect unless Owners have been given the opportunity to take the required remedial action (including but not limited to holding a re-inspection by the oil major/company in question which to be carried out within a maximum period of 2 months from date of first inspection).

However, if the causes of such unacceptability are not material but nevertheless, in Charterers' reasonably held view, as a direct consequence of same the vessel becomes commercially inoperable, Charterers have the option to place the vessel off-hire from the date and time that such unacceptability becomes known to Charterers until the date and time that the vessel becomes acceptable again to the oil major/company in question or otherwise becomes commercially operable, which shall be in a position no less favourable to Charterers than at which she went off-hire. Charterers shall always try their best to have vessel remain commercially operable.

~~If, at any time during the charter period, the vessel becomes unacceptable to any Oil Major, Charterers shall have the right to terminate the charter.~~

Pollution and  
Emergency  
Response

44. Owners are to advise Charterers of organisational details and names of Owners personnel together with their relevant telephone/facsimile/e-mail/telex numbers, including the names and contact details of Qualified Individuals for OPA 90 response, who may be contacted on a 24 hour basis in the event of oil spills or emergencies.

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45. (a) (i) The Owners shall comply with the requirements of the International Code for the Security of Ships and of Port Facilities and the relevant amendments to Chapter XI of SOLAS (ISPS Code) relating to the vessel and "the Company" (as defined by the ISPS Code). If trading to or from the United States or passing through United States waters, the Owners shall also comply with the requirements of the US Maritime Transportation Security Act 2002 (MTSA) relating to the vessel and the "Owner" (as defined by the MTSA).

(ii) Upon request the Owners shall provide the Charterers with a copy of the relevant International Ship Security Certificate (or the Interim International Ship Security Certificate) and the full style contact details of the Company Security Officer (CSO).

(iii) Loss, damages, expense or delay (excluding consequential loss, damages, expense or delay) caused by failure on the part of the Owners or "the Company"/"Owner" to comply with the requirements of the ISPS Code/MTSA or this Clause shall be for the Owners' account, except as otherwise provided in this Charter Party.

(b) (i) The Charterers shall provide the Owners and the Master with their full style contact details and, upon request, any other information the Owners require to comply with the ISPS Code/MTSA. Where sub-letting is permitted under the terms of this Charter Party, the Charterers shall ensure that the contact details of all sub-charterers are likewise provided to the Owners and the Master. Furthermore, the Charterers shall ensure that all sub-Charterers are likewise provided to the Owners and the Master. Furthermore, the Charterers shall ensure that all sub-charter parties they enter into during the period of this Charter Party contain the following provision:

"The Charterers shall provide the Owners with their full style contact details and, where sub-letting is permitted under the terms of the Charter Party, shall ensure that the contact details of all Sub-Charterers are likewise provided to the Owners."

(ii) Loss, damages, expense or delay (excluding consequential loss, damages, expense or delay) caused by failure on the part of the Charterers to comply with this Clause shall be for the Charterers' account, except as otherwise provided in this Charter Party.

(c) Notwithstanding anything else contained in this Charter Party all delay, costs or expenses whatsoever arising out of or related to security regulations or measures required by the port facility or any relevant authority in accordance with the ISPS Code/MTSA including, but not limited to, security guards, launch services, vessel escorts, security fees or taxes and inspections, shall be for the Charterers' account, unless such costs or expenses result solely from the negligence of the Owners, Master or Crew. All measures required by the Owners to comply with the Ship Security Plan shall be for Owners' account.

(d) If either party makes any payment which is for the other party's account according to this clause, the other party shall indemnify the paying party.

~~(a) (i) From the date of coming into force of the International Code for the Security of Ships and of Port Facilities and the relevant amendments to Chapter XI of SOLAS (ISPS Code) and the US Maritime Transportation Security Act 2002 (MTSA) in relation to the Vessel and thereafter during the currency of this charter, Owners shall procure that both the Vessel and the Company' (as defined by the ISPS Code) and the owner(as defined by the MTSA) shall comply with the requirements of the ISPS Code relating to the Vessel and the Company' and the requirements of MTSA relating to the vessel and the owner. Upon request Owners shall provide documentary evidence of compliance with this Clause 45(a)~~

~~(ii) Except as otherwise provided in this charter, loss, damage, expense or delay, caused by 'failure on the part of Owners or the Company'/'owner to comply with the requirements of the ISPS Code/MTSA or this Clause shall be for Owners' account.~~

~~(b) (ii) Charterers shall provide Owners/Master with their full style contact details and shall ensure that the contact details of all sub-charterers are likewise provided to Owners/Master. Furthermore, Charterers shall ensure that all sub-charter parties they enter into during the period of this charter contain the following provision: The Charterers shall provide the Owners with their full style contact details and, where sub-letting is permitted under the terms of the charter party, shall ensure that the contact details of all sub-charterers are likewise provided to the Owners".~~

~~(ii) Except as otherwise provided in this charter, loss, damage, expense or delay, caused by failure on the part of Charterers to comply with this sub-Clause 45(b), shall be for Charterers' account.~~

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Charterers' account:

- ~~(c) Notwithstanding anything else contained in this charter costs or expenses related to security regulations or measures required by the port facility or any relevant authority in accordance with the ISPS Cod/MTSA including, but not limited to, security guards, launch services, tug escorts, port security fees or taxes and inspections, shall be for Charterers' account, unless such costs or expenses result solely from Owners' negligence in which case such costs or expenses shall be for Owners' account. All measures required by Owners to comply with the security plan required by the ISPS Code/MTSA shall be for Owners' account.~~
  - ~~(d) Notwithstanding any other provision of this charter, the vessel shall not be off hire where there is a loss of time caused by Charterers' failure to comply with the ISPS Code/MTSA (when in force).~~
  - ~~(e) If either party makes any payment which is for the other party's account according to this Clause, the other party shall indemnify the paying party.~~
46. (a) This charter shall be construed and the relations between the parties determined in accordance with the laws of England.
- (b) All disputes arising out of this charter shall be referred to Arbitration in London in accordance with the Arbitration Act 1996 (or any re-enactment or modification thereof for the time being in force) subject to the following appointment procedure:
- (i) The parties shall jointly appoint a sole arbitrator not later than 28 days after service of a request in writing by either party to do so.
  - (ii) If the parties are unable or unwilling to agree the appointment of a sole arbitrator in accordance with (i) then each party shall appoint one arbitrator, in any event not later than 14 days after receipt of a further request in writing by either party to do so. The two arbitrators so appointed shall appoint a third arbitrator before any substantive hearing or forthwith if they cannot agree on a matter relating to the arbitration.
  - (iii) If a party fails to appoint an arbitrator within the time specified in (ii) (the "Party in Default"), the party who has duly appointed his arbitrator shall give notice in writing to the Party in Default that he proposes to appoint his arbitrator to act as sole arbitrator.
  - (iv) If the Party in Default does not within 7 days of the notice given pursuant to (iii) make The required appointment and notify the other party that he has done so the other party may appoint his arbitrator as sole arbitrator whose award shall be binding on both parties as if he had been so appointed by agreement.
  - (v) Any Award of the arbitrator(s) shall be final and binding and not subject to appeal.
  - (vi) For the purposes of this clause 46(b) any requests or notices in writing shall be sent by fax, e-mail or telex and shall be deemed received on the day of transmission.
- (c) It shall be a condition precedent to the right of any party to a stay of any legal proceedings in which maritime property has been, or may be, arrested in connection with a dispute under this charter, that that party furnishes to the other party security to which that other party would have been entitled in such legal proceedings in the absence of a stay.

Law and  
Litigation

Confidentiality 47. All terms and conditions of this charter arrangement shall be kept private and confidential

Construction 48. The side headings have been included in this charter for convenience of reference and shall in no way affect the construction hereof.

Appendix A: OCIMF Vessel Particulars Questionnaire for the vessel, as attached, shall be incorporated herein.

~~Appendix B: Shell Safety and Environmental Monthly Reporting Template, as attached, shall be incorporated herein.~~

Additional Clauses: 1-17 As attached, shall be incorporated herein.

SIGNED FOR OWNERS

FULL NAME Constantine J. Markakis  
POSITION President Director

SIGNED FOR CHARTERERS

FULL NAME Don P. Dunstan  
POSITION Director

/s/ Constantine J. Markakis

/s/ Don P. Dunstan

**Special Provisions to LPG/C "GRENDON"  
Time Charter Party dated 27<sup>th</sup> May 2011**

**1) BIMCO Bunker Fuel Sulphur Content Clause for Time Charter Parties 2005**

- (a) Without prejudice to anything else contained in this Charter Party, the Charterers shall supply fuels of such specifications and grades to permit the Vessel, at all times, to comply with the maximum sulphur content requirements of any emission control zone when the Vessel is ordered to trade within that zone.

The Charterers also warrant that any bunker suppliers, bunker craft operators and bunker surveyors used by the Charterers to supply such fuels shall comply with Regulations 14 and 18 of MARPOL Annex VI, including the Guidelines in respect of sampling and the provision of bunker delivery notes.

The Charterers shall indemnify, defend and hold harmless the Owners in respect of any loss, liability, delay, fines, costs or expenses arising or resulting from the Charterers' failure to comply with this Sub-clause (a).

- (b) Provided always that the Charterers have fulfilled their obligations in respect of the supply of fuels in accordance with Sub-clause (a), the Owners warrant that:
- (i) the Vessel shall comply with Regulations 14 and 18 of MARPOL Annex VI and with the requirements of any emission control zone; and
  - (ii) the Vessel shall be able to consume fuels of the required sulphur content when ordered by the Charterers to trade within any such zone.

Subject to having supplied the Vessel with fuels in accordance with Sub-clause (a), the Charterers shall not otherwise be liable for any loss, delay, fines, costs or expenses arising or resulting from the Vessel's failure to comply with Regulations 14 and 18 of MARPOL Annex VI.

- (c) For the purpose of this Clause, "emission control zone" shall mean zones as stipulated in MARPOL Annex VI and/or zones regulated by regional and/or national authorities such as, but not limited to, the EU and the US Environmental Protection Agency.
-

**2) BIMCO U.S. Customs Advance Notification/AMS Clause for Time Charter Parties 2004**

- (a) If the Vessel loads or carries cargo destined for the US or passing through US ports in transit, the Charterers shall comply with the current US Customs regulations (19 CFR 4.7) or any subsequent amendments thereto and shall undertake the role of carrier for the purposes of such regulations and shall, in their own name, time and expense:
  - i) Have in place a SCAC (Standard Carrier Alpha Code);
  - ii) Have in place an ICB (International Carrier Bond);
  - iii) Provide the Owners with a timely confirmation of i) and ii) above; and
  - iv) Submit a cargo declaration by AMS (Automated Manifest System) to the US Customs and provide the Owners at the same time with a copy thereof.
- (b) The Charterers assume liability for and shall indemnify, defend and hold harmless the Owners against any loss and/or damage whatsoever (including consequential loss and/or damage) and/or any expenses, fines, penalties and all other claims of whatsoever nature, including but not limited to legal costs, arising from the Charterers' failure to comply with any of the provisions of sub-clause (a). Should such failure result in any delay then, notwithstanding any provision in this Charter Party to the contrary, the Vessel shall remain on hire.
- (c) If the Charterers' ICB is used to meet any penalties, duties, taxes or other charges which are solely the responsibility of the Owners, the Owners shall promptly reimburse the Charterers for those amounts.
- (d) The assumption of the role of carrier by the Charterers pursuant to this Clause and for the purpose of the US Customs Regulations (19 CFR 4.7) shall be without prejudice to the identity of carrier under any bill of lading, other contract, law or regulation.

**3) BIMCO Bunker Quality Control Clause for Time Charter Parties 2010**

- (1) Charterers shall supply bunkers of a quality suitable for burning in the Vessel's main engines and auxiliaries and which conform to the specification(s) mutually agreed under this Charter Party.
  - (2) At the time of delivery of the Vessel, Owners shall place at the disposal of Charterers the bunker delivery note(s) and any samples relating to the fuels existing on board.
  - (3) During the currency of the Charter Party, Charterers shall ensure that bunker delivery notes are presented to the Vessel on the delivery of fuel(s) and that during bunkering representative samples of the fuel(s) supplied shall be taken at the Vessel's bunkering manifold and sealed in the presence of competent representatives of Charterers and the Vessel.
-

(4) The fuel samples shall be retained by the Vessel for 90 (ninety) days after the date of delivery or for whatever period necessary in the case of a prior dispute, and any dispute as to whether the bunker fuels conform to the agreed specification(s) shall be settled by analysis of the sample(s) by DNVPS or by another mutually agreed fuels analyst whose findings shall be conclusive evidence as to conformity or otherwise with the bunker fuels' specification(s).

(5) Owners reserve their right to make a claim against Charterers for any damage to the Vessel's main engines or the auxiliaries caused by the use of unsuitable fuels or fuels not complying with the agreed specification(s). Additionally, if bunker fuels supplied do not conform with the mutually agreed specification(s) or otherwise prove unsuitable for burning in the Vessel's main engines or auxiliaries, Owners shall not be held responsible for any reduction in the Vessel's speed performance and/or increased bunker consumption nor for any time lost and any other consequences.

**4) BIMCO Weather Routeing Clause for Time Charter Parties 2006**

(a) The Vessel shall, unless otherwise instructed by the Charterers, proceed by the customary route, but the Master may deviate from the route if he has reasonable grounds to believe that such a route will compromise the safe navigation of the Vessel.

(b) In the event the Charterers supply the Master with weather routeing information, although not obliged to follow such routeing information, the Master shall comply with the reporting procedure of that service.

**5) INTERTANKO Piracy Clause for Time Charter Parties 2009**

1. Owners shall not be required to follow Charterers' orders that the Master or Owners determine would expose the vessel, her crew or cargo to the risk of acts of piracy.

2. Owners shall be entitled

(a) to take reasonable preventive measures to protect the vessel, her crew and cargo including but not limited to proceeding in convoy, using escorts, avoiding day or night navigation, adjusting speed or course, or engaging security personnel or equipment on or about the vessel;

(b) to follow any instruction or recommendations given by the flag state, any governmental or supra-governmental organization; and

(c) to take a safe and reasonable alternative route in place of the normal, direct or intended route to the next port of call, in which case Owners shall give Charterers prompt notice of the alternative route, an estimate of time and bunker consumption and a revised estimated time of arrival.

3. The vessel shall remain on hire for any time lost as a result of taking the measures referred to in Paragraph 2 of this Clause and for any time spent during or as a result of an actual or threatened attack or detention by pirates.

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4. Charterers shall indemnify Owners against all liabilities costs and expenses arising out of actual or threatened acts of piracy or any preventive or other measures taken by Owners whether pursuant to Paragraph 2 of this Clause or otherwise, including but not limited to additional insurance premiums, additional crew costs and costs of security personnel or equipment.

5. Charterers warrant that the terms of this Clause will be incorporated effectively into any bill of lading issued pursuant to this charter party.

**6) BIMCO EU Advance Cargo Declaration Clause for Time Charter Parties 2010**

(a) If the vessel loads cargo in any EU port or place destined for a port or place outside the EU or loads cargo outside the EU destined for an EU port or place, the Charterers shall comply with the current EU Advance Cargo Declaration Regulations (the Security Amendment to the Community Customs Code, Regulations 648/2005; 1875/2006; and 312/2009) or any subsequent amendments thereto and shall undertake the role of carrier for the purposes of such regulations and in their own name, time and expense shall:

- (i) Have in place an EORI (Economic Operator Registration and Identification) number;
- (ii) Provide the Owners with a timely confirmation of (i) above as appropriate; and
- (iii) Submit an ENS (Entry Summary Declaration) cargo declaration electronically to the EU Member States' Customs and provide the Owners at the same time with a copy thereof.

(b) The Charterers assume liability for and shall indemnify, defend and hold harmless the Owners against any loss and/or damage whatsoever (including consequential loss and/or damage) and/or any expenses, fines, penalties and all other claims of whatsoever nature, including but not limited to legal costs, arising from the Charterers' failure to comply with any of the provisions of sub-clause (a). Should such failure result in any delay then, notwithstanding any provision in this Charter Party to the contrary, the vessel shall remain on hire.

(c) The assumption of the role of carrier by the charterers pursuant to this Clause and for the purpose of the EU Advance Cargo Declaration Regulations shall be without prejudice to the identity of carrier under any bill of lading, other contract, law or regulation.

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**14) Gratuities and Disbursement Clause**

Any gratuities and disbursements that the master is required to make at ports in the Black Sea in order for the vessel to go about its usual trading pattern (in the avoidance of unnecessary delays / detention) and any fines / penalties imposed arbitrarily by port / terminal authorities in the Black Sea shall be for Charterers' account supported by a statement from the vessel's master detailing any costs, expenses and outlays. The master shall use best endeavours to keep such costs, expenses and outlays as low as possible.

**15) Floating Storage Clause:**

Charterers may use the vessel as floating storage provided that if there is any additional insurance required for such operation by Owners' hull & machinery underwriters and / or P&I club such additional insurance premium and/or any additional expenses shall be for Charterers' account.

In case of floating storage or prolonged time awaiting cargo operation in excess of 15 (fifteen) days and Owners advise that underwater fouling will adversely affect the vessel's speed and consumption, Owners shall have the option to steam up to 12 (twelve) hours every 15 (fifteen) days to avoid or reduce underwater fouling. Additional bunker consumption for steaming shall be for Charterers' account. In addition, Charterers shall at the end of the floating storage and / or waiting period as soon as possible arrange cleaning of hull and propeller to master's satisfaction at Charterers' time and cost.

Owners shall not be responsible for any underperformance with regard to vessel's speed and consumption after a period exceeding 15 (fifteen) days of floating storage and / or awaiting cargo operation until vessel's hull and propeller have been cleaned properly to master's satisfaction by Charterers at their time and cost.

For extended periods of floating storage and / awaiting cargo operation exceeding 20 (twenty) days, Charterers shall supply additional freshwater as per master's requirement at Charterers' time and cost. The master shall endeavour to reduce vessel's freshwater consumption during such periods and shall only request fresh water when necessary.

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**16) BIMCO Sanctions Clause for Time Charter Parties 2010**

- (a) Owners shall not be obliged to comply with any orders for the employment of the vessel in any carriage, trade or on a voyage which, in the reasonable judgement of Owners, will expose the vessel, owners, managers, crew, the vessel's insurers, or their re-insurers, to any sanction or prohibition imposed by any state, supranational or international governmental organisation.
- (b) If the vessel is already performing an employment to which such sanction or prohibition is subsequently applied, Owners shall have the right to refuse to proceed with the employment and Charterers shall be obliged to issue alternative voyage orders within 48 hours of receipt of Owners' notification of their refusal to proceed. If Charterers do not issue such alternative voyage orders, Owners may discharge any cargo already loaded at any safe port (including the port of loading). The vessel shall remain on hire pending completion of Charterers' alternative voyage orders or delivery of cargo by Owners and Charterers shall remain responsible for all additional costs and expenses incurred in connection with such orders/delivery of cargo. If in compliance with this sub-clause (b) anything is done or not done, such shall not be deemed a deviation.
- (c) Charterers shall indemnify Owners against any and all claims whatsoever brought by the owners of the cargo and/or the holders of bills of lading and/or sub-Charterers against Owners by reason of Owners' compliance with such alternative voyage orders or delivery of the cargo in accordance with sub-clause (b).
- (d) Charterers shall procure that this clause shall be incorporated into all sub-charters and bills of lading issued pursuant to this charter party.

**17) The vessel is further described as follows:**

Flag: Bahamas  
Built: 1996  
Class: NK  
SDWT: 5,242.97 Metric tonnes  
SDRAFT: 5.542 M  
LOA: 99.95 M  
Beam: 19.60 M  
KTM: 33.50 M  
BCM: 46.30 M  
TPC: 15.51  
REHEATER: YES  
CRANE: 1 X 4 M.T. SWL  
G.T.: 4,484  
CUBIC CAP (100 PC): 5,015.859 M3

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**ORIGINAL**

London 24<sup>th</sup> October 2011

**LPG/C "GRENDON"**

**ADDENDUM NO 1** to Time Charter Party dated 27<sup>th</sup> May 2011 between Orion Tankers Limited (Owners) and Petredec Ltd (Charterers)

**IT HAS THIS DAY BEEN MUTUALLY AGREED** between Owners and Charterers that the trading area for this Charter Party shall be amended to include:

"Egyptian Red Sea, not South of but including Ras Shukheir, excluding Sinai Peninsula and inter-Egyptian Red Sea trading.

All other terms, conditions and exceptions to the above mentioned Time Charter Party dated 27<sup>th</sup> May 2011 shall remain unaltered and in full force and effect.

**OWNERS**

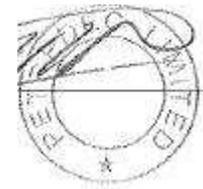
**CHARTERERS**

/s/ Constantine J. Markakis

[signature illegible]

**Constantine J. Markakis**

President Director



V. Should the vessel be ordered to sail outside the agreed warranty limits and if Owners agree to continue on such voyage, then Charterers undertake to reimburse owners for:

- (a). any net extra insurance premium applicable; and
- (b). any additional deductible thereof.

vi. The vessel shall remain on hire if delayed due to ice and / or to any reason related thereto.

vii. Notwithstanding anything else to the contrary in this Charter, Charterers shall be liable for all consequences whatsoever including but not limited to damages to the vessel and / or cargo due to ice and shall be liable for the costs and time for repairs.

All other terms, conditions and exceptions to the above mentioned Time Charter Party dated 27<sup>th</sup> May 2011 and Addendum No.1 shall remain unaltered and in full force and effect.

**OWNERS**

**CHARTERERS**

/s/ Constantine J. Markakis

[signature illegible]

**Constantine J. Markakis**

President Director



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ORIGINAL

London 7<sup>th</sup> December 2011

**LPG/C "GRENDON"**

**ADDENDUM NO 2** to Time Charter Party dated 27<sup>th</sup> May 2011 between Orion Tankers Limited (Owners) and Petredec Ltd (Charterers)

**IT HAS THIS DAY BEEN MUTUALLY AGREED** between Owners and Charterers that the trading area for this Charter Party shall be amended to include Porvoo for one port call loading on or about the 15<sup>th</sup> December 2011.

On this basis Charterers agree to Statoil Ice Clause as follows:

The vessel is not to force ice nor follow ice-breakers. In case the vessel finds herself in, or has been ordered to, an iced area or an area affected by ice, then:

- i. Charterers shall for their own account place necessary ice-breakers and ice adviser, if necessary, at the vessel's disposal. If ice-breakers are not available at any time, then Owners shall not be bound to proceed.
  - ii. In the event that the nominated load or discharge port(s) is / are inaccessible due to ice, the vessel will proceed to the nearest safe ice-free position and at the same time request revised orders.
  - iii. Immediately upon receipt of such request Charterers shall nominate an alternative ice-free and accessible port in accordance with this Charter where there is no danger of the vessel being frozen in and where if the vessel has cargo onboard there are facilities for receiving the cargo.
  - iv. In the event that the Master deems the vessel in danger of being frozen in at the nominated load or discharge port(s), Owners may at their sole discretion and after having advised Charterers order the vessel to cease loading or discharging and leave such port. In such circumstances, Charterers shall for their own account place necessary ice-breakers and ice adviser, if necessary, at the vessel's disposal.
-



**ORIGINAL**

London 11<sup>th</sup> January 2012

**LPG/C "GRENDON"**

**ADDENDUM NO 3** to Time Charter Party dated 27<sup>th</sup> May 2011 between Orion Tankers Limited (Owners) and Petredec Ltd (Charterers)

**IT HAS THIS DAY BEEN MUTUALLY AGREED** between Owners and Charterers that the period under the above Time Charter to be extended as follows:-

Commencement: 1200 HRS LT 02.06.12

Period: 12 months 15 days more or less in Charterer's option.

Hire rate: USD 315,000.00 per calender month including overtime plus USD 500.00 per calender month for communications.

Additional Clauses to be included:-

**Ecuadorian Coastal Trade Clause:**

In the event that the vessel is deployed in the Ecuadorian coastal trade:

- i. Charterers shall be responsible for the regular collection and disposal of engine-room sludges at their time and expense; and
- ii. By commencement of the seventh (7th) month after arrival of the vessel in Ecuador, fifty (50) per cent of the vessel's crew (as set out in her Safe Manning Certificate) shall be Ecuadorian nationals. Charterers shall reimburse Owners for any additional costs, expenses and liabilities of whatsoever nature arising out of the employment of Ecuadorian nationals on board.

**Vessel Sale Clause:**

Owners shall have the right to sell the vessel during the course of this charter with transfer of the charter attached, subject to Charterers' approval of the transfer (said approval not to be unreasonably withheld).

All other terms, conditions and exceptions to the above mentioned Time Charter Party dated 27<sup>th</sup> May 2011 and Addenda's 1 and 2 shall remain unaltered and in full force and effect.

**OWNERS**

/s/ Constantine J. Markakis

**Constantine J. Markakis**

President Director

**CHARTERERS**

/s/ Don P. Dunstan

**Don P. Dunstan**

Director





**ORIGINAL**

London 9<sup>th</sup> March 2012

**LPG/C "GRENDON"**

**ADDENDUM NO 4** to Time Charter Party dated 27<sup>th</sup> May 2011 between Orion Tankers Limited (Owners) and Petredec Ltd (Charterers)

**IT HAS THIS DAY BEEN MUTUALLY AGREED** between Owners and Charterers that the period under the above Time Charter to be extended as follows:-

Commencement: 1200 HRS LT 02.06.13

Period: 12 months 15 days more or less in Charterer's option.

Hire rate: USD 315,000.00 per calender month including overtime plus USD 500.00 per calender month for communications.

All other terms, conditions and exceptions to the above mentioned Time Charter Party dated 27<sup>th</sup> May 2011 and Addenda's 1, 2 and 3 shall remain unaltered and in full force and effect.

**OWNERS**

/s/ Constantine J. Markakis  
**Constantine J. Markakis**  
President/Director

**CHARTERERS**

/s/ Don P. Dunstan  
Don P. Dunstan  
Director





**STATOILTIME 1**

**Version 1.1**

**Captain Markos NL / Statoil —TCP 22.10.2010**

**- FINAL -**

Classification: **Open**

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Status: **Final**

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IT IS THIS DAY AGREED between Cetus Transport Ltd. having its registered office Monrovia as Owners (hereinafter referred to as 'Owners') of the good motor tank vessel named "Captain Markos NL" registered in Liberia and Bahamas flag (hereinafter referred to as 'the Vessel') described as per Clause 1 hereof and Statoil ASA, Forusbeen 50, 4035 Stavanger, Norway (hereinafter referred to as 'Charterers')

**1 Description, Condition of the Vessel and Owners' Management**

At the date of delivery under this Charter Party and throughout the Charter Party period the Vessel:

- i. Shall be classed by a Classification Society which is a member of the International Association of Classification Societies (IACS);
- ii. Shall be in every way fit to carry the cargo as described in Clause 4 in bulk, maximum 2 grades within the Vessel's natural segregation.
- iii. Shall be tight, staunch, strong, in good order and condition, and in every way fit for the service, with her machinery (including but not limited to engines, pumps, boilers, etc.), tanks, hull and other equipment (including but not limited to hull stress calculator, navigational radar, computer and computer systems and all software) in a good and efficient state;
- iv. Shall have tanks, valves and pipelines tight and leak free;
- v. Shall have all relevant navigational and chart systems suitable for a Vessel of her description and for the trading limits set out in Clause 4, and Owners shall ensure that all charts and other navigational publications are maintained fully up to date;
- vi. Shall burn bunkers grade as stipulated under Clause 8 hereof;
- vii. Shall comply with all regulations in force so as to enable her to pass through the Suez Canal or Panama Canal (if applicable) by day and night without delay;
- viii. Shall at all times have on board all documents and other certificates and equipment required from time to time by any applicable law to enable her to perform the Charter Party service without delay, as further detailed in Clause 38;

- ix. Shall comply with the description in the OCIMF (Oil Companies International Maritime Forum) Harmonised Vessels' Particulars Questionnaire attached hereto as Attachment 1, provided however that if there is any conflict between the provisions of Attachment 1 and any other provisions, including but not limited to this Clause 1, then this Charter Party shall prevail. Owners shall at all times maintain an updated Harmonised Vessels' Particulars Questionnaire at OCIMF — SIRE database and the last updated version shall be applicable.
- x. Ownership structure, flag, registry, Classification Society, management company (both technical and commercial) of the Vessel shall not be changed during the currency of this Charter Party without Charterers' prior written approval. However, if Charterers consent to any change(s) proposed by Owners, then Owners will reimburse all costs and expenses incurred by Charterers in connection with the said change(s) including but not limited to vetting inspection costs incurred as the result of any change.
- xi. Shall be equipped with a Fresh Water evaporator which is capable of making sufficient fresh water to supply Vessels' needs.
- xii. Owners shall operate:
  - a) safety management system certified to comply with the International Safety Management Code (ISM Code), as may be amended from time to time, for the safe operation of ships and for pollution prevention;
  - b) documented safe working procedures systems (including procedures for the identification and mitigation of risks);
  - c) a documented environmental management system;
  - d) documented accident/incident reporting systems compliant with the Vessel's flag state requirements. In the absence of any such requirements from the flag state such requirements to be in accordance with ISM Code
- xiii. Owners warrant and undertake to provide effective emergency response facilities and trained personnel to deal with all emergencies arising out of or in connection with any voyage undertaken under the terms and conditions of this Charter Party. Owners warrant that they or the Vessels Master will report without undue delay any incident or possible situation that may arise including but not limited to, fatality, serious leakage, gas leakage, oil spill, any pollution incident (irrespective of severity/consequences), fire, collision, grounding, serious personnel accident or serious technical non conformities directly to Charterers in accordance with Reporting of HSE data to Statoil from Shipping Service Providers as attached hereto, or in accordance with the orders given for a specific voyage. Any requirement under a particular voyage for reporting of accidents/incidents to third parties does not absolve Owners/Master

from complying with the terms of this Clause 1 xiii. However, notifications required by law or to ensure safety, or any other appropriate action should be made before fulfilling Charter Party requirements.

- xiv. In addition to the requirements of sub-clause 1 xiii. above, Owners shall submit to Charterers a written report each quarter, or for any other period as may be directed by Charterers from time to time, in compliance with requirements of Charterers' requirements as set out in "Reporting of HSE data to Statoil from Shipping Service providers" — as attached and as amended from time to time.
- xv. Owners shall maintain a Health Safety and Environmental (HSE) system in accordance with the best practice standards of the industry. Owners shall at all times maintain records to demonstrate compliance with the provisions of the HSE system and the HSE requirements of this Charter Party. Charterers have the right to confirm Owners' compliance by audit of Owners and/or Technical and/or Commercial managers of the Vessel at any time.
- xvi. Owners shall participate in the Tanker Management Self Assessment program (TMSA) via their technical managers and will maintain a minimum standard of TMSA 2 Level 2 in all chapters. Charterers have the right to confirm Owners' compliance by audit of Owners and/or Technical and/or Commercial managers of the Vessel at any time.
- xvii. The Vessel always to be acceptable to Statoil vetting and at all times the Vessel is to have an up-to-date CDI and SIRE report that is not older than 6 months.
- xviii. General description  
 IMO: 9315680  
 Flag: Bahamas  
 Built: 2006  
 Class: LR  
 Otherwise as per Gas Form C  
 Cargo: Butane, Propane and other cargoes in accordance with the Vessel's certificate of fitness  
 Speed and consumptions: "about" (defined: +/- 0.50 knot) / "about" (defined: +/- 5 per cent) (basis wind + sea-state not exceeding Beaufort 5 + Douglas 4 respectively)

<b>speed</b>	<b>ballast</b>	<b>laden</b>
16.5 k	53.5 m.t. (M/E: 47.5 m.t.) (A/E: 6.0 m.t.)	57.5 m.t. (M/E: 51.5 m.t.) (A/E: 6.0 m.t.)

above based on:

- M/E + A/E consumptions (including reliquification plant but excluding I.G. plant use and/or preparation of cargo tanks for change of cargo grades)
- cargo: lpg (50 / 50 Propane / Butane)

- Vessel's draft on laden passage of about 11.60 m (basis above cargo split) and Vessel's draft on ballast passage of about 7.50 m

All of the above given in good faith but without guarantee or engagement. However, the stated speed and consumption data shall be used to calculate the Vessel's speed and performance under Clause 20 of this C/P.

- xix. Owners' option to substitute Vessel with a similar vessel at any time during the charter period subject to Charterers' approval (not to be unreasonably withheld). It is understood that it shall be reasonable for Charterers to withhold consent if the substitute vessel is unacceptable to Statoil vetting.
- xx. Commercial Managers: Dorian (Hellas) S.A., Piraeus  
Technical Managers: Dorian (Hellas) S.A., Piraeus  
Managers shall have the right to sub-contract some management functions with Charterers' consent (which shall not be unreasonably withheld). It is understood that it shall be reasonable for Charterers to withhold consent if the sub-contracting of any functions affects the Vessel's acceptably to Statoil vetting.

## 2 Shipboard Personnel and their Duties

At the date of delivery of the Vessel under this Charter Party and throughout the Charter Party term:

- i Vessel shall have a full and efficient complement of Master, Officers and Crew for a vessel of her tonnage, who shall in any event be not less than the number required by the laws of the flag state and who shall be trained to operate the Vessel and her equipment competently and safely.
- ii All shipboard personnel shall hold valid certificates of competence in accordance with the requirements of the law of the flag state and IMO's SOLAS consolidated edition 2004 including later amendments.
- iii All shipboard personnel shall be trained in accordance with the relevant provisions of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1995 or any additions, modifications or subsequent versions thereof.
- iv The Master, Officers and Crew engaged in operations where they need to communicate in English, shall be proficient in the use of spoken English language to efficiently communicate with Charterers or other entities such as the authorities and those who give services and assistance to the Vessel as well as to carry out cargo and bunkering operations both at loading and discharging places quickly, efficiently and

safely. The Owners and Master shall use all reasonable endeavours to ensure that all communication onboard and with shore personnel during mooring and loading operations are carried out in the English language. In addition to the above the Master and the Officers shall be proficient in the use of the written English language.

- v The terms of employment of the Vessels Officers and Crew shall always remain acceptable to the international Transport Workers Federation (ITF) and the Vessel will hold and carry onboard a valid ITF certificate or equivalent document acceptable to the ITF.

Any time loss to Charterers by reason of the Vessel being delayed and/or boycotted and/or arrested etc. due to non-compliance and/or breach of this provision shall give Charterers the right to put the Vessel off-hire and/or claim damages from Owners.

- vi If Charterers complain about the conduct of the Master or any of the Officers or crew, Owners shall immediately investigate the complaint. If the complaint proves to be well founded, Owners shall, without delay, make a change in the appointments and Owners shall in any event communicate the result of their investigations to Charterers as soon as possible.

- vii The manning level and nationality of the Vessel's Master, Officers and Crew given in the OCIMF Harmonised Vessel's Particulars Questionnaire referred to in Clause 1 ix. - will not change without Charterers' prior agreement.

- viii Owners guarantee that throughout the Charter Party service the Master shall together with the Vessel's Officers and Crew, unless otherwise ordered by Charterers;

- a) Prosecute all voyages with the utmost dispatch subject always to the speed set out in Clause 20

Plan all voyages from the place of loading to the discharging location taking into account the weather conditions, vessel routing and all other requirements of safe navigation; and

- b) Render all customary assistance; and

c) Unless ordered by Charterers or their agents to the contrary load and discharge the cargo as rapidly as possible by night or by day, but always in accordance with the laws of the place of loading or discharging (as the case may be) and in each case in accordance with any applicable laws of the flag state in a safe manner.

- ix Owners undertake that Vessel's deck officers shall participate in simulator training

courses or other training courses as may be required by Charterers from time to time. However, such training shall not in any manner shift and/or minimise and/or replace Owners' obligations under the Charter Party and the relevant laws nor will it relieve and/or absolve Owners from their liability towards the Charterers nor shall Owners use the fact that such training has been given to the crew as a defence to any claim. Owners shall ensure that the Vessel's Master and Officers have attended Ship Handling course and Bridge Resource Management training and refresher courses of a standard recognised by an industry body or association in accordance with the guidelines set by IMO.

- x The Master shall observe the recommendations as to traffic separation and routing which are issued from time to time by the International Maritime Organisation (IMO) or by any other relevant government or authority.

### **3 Duty to Maintain**

- i Throughout the Charter Party service Owners shall, whenever the passage of time, wear and tear or any event (whether or not coming within Clause 23 hereof) requires steps to be taken to maintain or restore the conditions stipulated in Clauses 1 and 2 , exercise due diligence so to maintain or restore the Vessel.
- ii If at any time whilst the Vessel is on hire under this Charter Party the Vessel fails to comply with the requirements of Clauses 1, 2 or 11, then hire shall be reduced to the extent necessary to indemnify Charterers for such failure. If and to the extent that such failure affects the time taken by the Vessel to perform any services under this Charter Party, hire shall be reduced by an amount equal to the value, calculated at the rate of hire, of the time so lost.

Any reduction of hire under this sub-Clause (ii) shall be without prejudice to any other remedy available to Charterers, but where such reduction of hire is in respect of time lost, such time shall be excluded from any calculation under Clause 20.

- iii If Owners are in breach of their obligation under Clause 3 i., or hire has been reduced pursuant to Clause 3 ii. above, Charterers may so notify Owners in writing, and if, after the expiry of 30 days following the receipt by Owners of any such notice, Owners have failed to document to Charterers' reasonable satisfaction the exercise of due diligence to comply with Clauses 1, 2 or 11, and/or to fulfil the undertakings as required in Clause 3 i., the Vessel shall be off-hire, without prejudice to Charterers right to claim damages, and no further hire payments shall be due, until Owners have so demonstrated to Charterers' reasonable satisfaction that they are exercising such due diligence.

- iv Owners shall ensure at their expense that, throughout the term of this Charter Party, a SIRE inspection report shall be on file with OCIMF for an inspection carried out within the last 6 months by an oil company that is a member of OCIMF and not an affiliated or associated company of the Charterers.
- Owners warrant that throughout the duration of this charter the Vessel will remain acceptable to Statoil.
- v Owners shall on a monthly basis provide Charterers with a list of inspections undertaken and those planned, including but not limited to, major oil companies, port state or flag state inspections. Charterers shall have the option to require Owners to arrange inspection by specific oil companies if they deem necessary, and Owners will undertake best endeavours to arrange said inspection in a timely manner, with any loss of time and inspection costs in connection with any such inspections being for Owners' account
- vi Owners shall advise Charterers immediately, in writing, should the Vessel fail an inspection by a governmental and/or port state authority, and/or terminal and/or oil company. Owners shall simultaneously advise Charterers of their proposed course of action to remedy the defects which have caused the Vessel to fail such inspection.
- vii If, in Charterers' reasonably held view:
- a) The failure of an inspection or the non-existence or expiry of a SIRE report (as provided in this Clause 3) prevents the normal commercial operations of the Vessel, then Charterers have the option to place the Vessel off-hire from the date and time that the results of such inspection become known to Charterers, until the date and time that the Vessel passes a re-inspection by the same organisation, which shall be in a position no less favourable to Charterers than that at which the Vessel went off-hire.
- viii Furthermore, should the period that the Vessel is off-hire under this Clause 3 (with the exception of paragraph Clause 3 vii. b above) exceed 60 days, then Charterers shall have the option to terminate this charter party by giving 10 days written notice of said cancellation. This sub-Clause 3 viii. is without prejudice to any other rights of Charterers or obligation of Owners under this Charter Party or otherwise (including without limitation Charterers' right under Clause 16 hereof).

#### 4 Period and Trading Limits

- i Owners agree to let and Charterers agree to hire the Vessel for a period of 4 years plus or minus 60 days in Charterers' option commencing from the time and date of delivery of the Vessel pursuant to Clause 5 hereof, for the purpose of carrying, (subject always to Clause 24) Butane, Propane and other cargoes in accordance with the Vessel's certificate of fitness In any part of the world, as Charterers shall direct, subject to the limits of the current American Institute Trade Warranties (01/07/72) via safe anchorage(s), berth(s), buoy(s), port(s), STS location(s), terminal(s). Trading areas shall be determined by and subject to embargoes, restrictions or sanctions introduced by the Vessel's flag authority and/or the E.U. and/or the U.N. and/or the U.S.A., restrictions imposed by Charterers' vetting department and/or under Charterers' HSE regulations, and restrictions imposed by Owners and/or the Master with regard to the safety and security of the Vessel and her personnel. Vessel not to force ice nor follow ice-breakers. Charterers' option to proceed directly to and from Snoehvit terminal, near Hammerfest, Norway, without additional premium. Excluding at all times: Alaska between 1<sup>st</sup> November and 30<sup>th</sup> April both days inclusive, Cuba, Finland between 15<sup>th</sup> November and 15<sup>th</sup> May both days inclusive, Iran, Israel, Lebanon, North Korea and Somalia.

Notwithstanding the foregoing, but subject to Clause 30, Charterers may order the Vessel to any part of the world outside such limits provided that Owners consent thereto (such consent not to be unreasonably withheld) and that Charterers pay for any insurance premium required by the Vessel's underwriters as a consequence of such order. Vessel not to force ice nor follow ice-breakers.

- ii Any time during which the Vessel is off-hire under this Charter Party may be added to the Charter Party period in Charterers' option in accordance with Clause 16 up to the total amount of time spent/lost as off-hire. In such cases the Rate of Hire payable to Owners shall be that prevailing at the time the Vessel would, but for the provisions of this Clause, have been redelivered.
- iii Charterers shall use due diligence to ensure that the Vessel is only employed between and at safe places (which expression when used in this Charter Party shall include ports, berths, wharves, docks, anchorages, single buoy moorings, alongside vessels or lighters, and other locations including locations at sea) where she can safely reach and lie always afloat. Notwithstanding anything contained in this or any other Clause of this Charter Party, Charterers do not warrant the safety of any place to which they order the Vessel and shall be under no liability in respect thereof unless caused by failure to exercise due diligence on the part of the Charterers, and Charterers are not

responsible for any neglect or default on the part of their servants agents or independent contractors. Subject as above, the Vessel shall be loaded and discharged at any places as Charterers may direct, provided that Charterers shall exercise due diligence to ensure that any ship-to-ship transfer operations shall conform to standards not less than those set out in the latest published edition of the ICS/ OCIMF Ship-to-Ship Transfer Guide as dealt with in Clause 36.

**5 Laydays/Cancelling, Delivery and Redelivery, Redelivery Survey**

- i The Vessel shall not be delivered to Charterers before 20<sup>th</sup> October 2010 and Charterers without prejudice to their rights to claim damages, shall have the option to cancel this Charter Party if the Vessel is not ready and at their immediate disposal on or before 31<sup>st</sup> December 2010
- ii Delivery for purposes of this Charter party shall take place;  
  
on passing Singapore on the voyage from last discharge port in China on previous voyage and when the Master has given a valid Notice of Delivery to Charterers or their agents stating that the Vessel is at the delivery point and is in all respect ready for the service and that the Vessel is at Charterers' disposal.
- iii Redelivery in Charterers' option:  
  
Maximum 10 days from Fujairah if the vessel is redelivered east of Suez, or Maximum 11 days from Gibraltar if the vessel is redelivered west of Suez
- iv Owners shall give Charterers 7 days' approximate an 5/3/1 days' definite notice of delivery (including place), and
- v Charterers shall give Owners 45/30/20/15/10 days' approximate notice and 5/3/1 days' definite notice of redelivery (including place).

- vi If the last cargo carried prior to redelivery under this Charter Party shall require cleaning beyond the normal requirements for a similar cargo due to the unusual characteristics of the particular cargo loaded, then Charterers shall compensate Owners for reasonable documented additional cleaning expenses as mutually agreed.
- vii Should the Vessel be on her voyage towards the place of redelivery at the time a payment of hire is due, payment of hire shall be made for such length of time as Owners and Charterers may agree upon as being the estimated time necessary to complete the voyage, less any disbursements made or expected to be made or expenses incurred or expected to be incurred by Charterers for Owners account less any amounts that Charterers otherwise may be permitted to withhold or deduct under the terms of this Charter Party (including but not limited to off-hire period and any claim for speed and performance), and less the estimated value of bunker fuel remaining at the termination of the voyage; and when the Vessel is redelivered, any overpayment shall be refunded by Owners or underpayment paid by Charterers.
- viii Notwithstanding the provisions of Clause 4 hereof, should the Vessel be upon a voyage (laden or ballast) at expiry of the period of this Charter Party, Charterers shall have the use of the Vessel at the same rate, terms and conditions for such extended time as may be necessary for the completion of the voyage on which the Vessel is engaged until her return to a port of redelivery as provided in this Charter Party.
- ix Delivery survey and redelivery survey shall be held jointly by Owners and Charterers, cost of which shall be equally shared by Owners and Charterers but to be held in Owners' time for on-hire survey and Charterers' time for off-hire survey.

## **6 Owners to Provide**

Owners undertake to provide and to pay for all provisions, wages (including but not limited to all overtime payments), and shipping and discharging fees and all other expenses of the Master, Officers and Crew; for communication and victualling expenses incurred on Charterer's behalf; also, except as provided in Clause 4 and 29 hereof, for all insurance on the Vessel; for all deck, cabin and engine-room stores, and for potable water; for all dry-docking, overhaul, maintenance and repairs to the Vessel; for fumigation expenses and de-rat certificates; and for certificates and other requirements necessary to enable the Vessel to be employed throughout the trading limits herein provided; and for all other expenses connected

with the operation, maintenance and navigation of the Vessel. Owners' obligations under this Clause 6 extend to all liabilities for customs or import duties arising at any time during the performance of this Charter Party in relation to the personal effects of the Master, Officers and Crew, and in relation to the stores, provisions and other matters aforesaid which Owners are to provide and pay for and Owners shall refund to Charterers any sums Charterers or their agents may have paid or be compelled to pay in respect of any such liability. Any amounts allowable in General Average for wages and provisions and stores shall be credited to Charterers insofar as such amounts are in respect of a Period when the Vessel is on-hire.

## **7 Charterers to Provide**

- i Charterers shall provide and pay for all bunkers, fresh water for cleaning of tanks and flushing of lines, pumps, and other equipment for cargo handling (if fresh water cleaning required by Charterers), towage and pilotage and shall pay agency fees, port charges, commissions, expenses of loading and unloading cargoes, canal dues and all charges other than those payable by Owners in accordance with Clause 6 hereof, provided that all charges for the said items shall be for Owners' account when such items are consumed, employed or incurred for Owners' purposes or while the Vessel is off-hire (unless such items reasonably relate to any service given or distance made good and taken into account under Clause 16 or 17); and provided further that any bunkers used in connection with a General Average sacrifice or expenditure shall be paid for by Owners.
- ii In respect of bunkers consumed for Owners purposes these will be charged on each occasion by Charterers on a first-in-first-out (FIFO) basis valued on the prices actually paid by Charterers.
- iii If the trading limits of this Charter Party include ports in the United States of America and/or its protectorates the Charterers shall reimburse Owners for port specific charges relating to additional premia reasonably charged by providers of oil pollution cover (including COFR), when incurred by the Vessel calling at ports in the United States of America and/or its protectorates in accordance with Charterers orders.

## **8 Grade of Bunkers, Bunkers on Delivery and Redelivery**

- i Charterers shall accept and pay for all bunkers on board at the time of delivery, and Owners shall on redelivery (whether it comes at the end of the Charter Party or at the earlier termination of this Charter Party) accept and pay for all bunkers remaining on

- board at the price actually paid for on first-in-first-out (FIFO) basis. Such prices to be supported by paid invoices.
- ii Vessel to be delivered to Charterers and redelivered to Owners under this Charter Party with, a quantity of bunkers on board sufficient to reach the nearest main bunkering port.
  - iii Charterers shall supply Marine Fuel Oil with a maximum viscosity of 380 Centistokes at 50 deg Centigrade (RMG 380, ISO 8217 — 2010 International Standard for Residual Marine Fuels) for main propulsion and auxiliaries and, for applicable use, Marine Gas Oil with a maximum viscosity of 6 Centistokes and a minimum viscosity of 2 Centistokes at 40 deg Centigrade (DMA, ISO 8217 — 2010 international Standard for Distillate Marine Fuels) for auxiliaries and boilers, or in accordance with any subsequent revision(s) of the International Standard. As an interim measure only whilst the ISO 8217 — 2010 Standard becomes widely established, where bunkers of a particular grade complying with the ISO 8217 — 2010 Standard are not available, Charterers shall supply bunkers of that grade which comply with the ISO 8217 - 2005 Standard.
  - iv Charterers shall have at all times the obligation to supply the quality of bunkers in accordance with MARPOL Convention Annex VI, however, Owners and/or Master have the obligation to ensure that the quality of bunkers actually used in the areas where the Vessel is trading is in accordance with the MARPOL Convention.
  - v With respect to low-sulphur bunkers required under the MARPOL Convention the following is agreed where the vessel shall be delivered/redelivered within an emission control zone:
    - a) Owners warrant that the Vessel shall be delivered with sufficient low-sulphur bunkers to reach a port or place where suitable low-sulphur bunkers may be delivered.
    - b) Charterers warrant that the Vessel shall be redelivered with sufficient low-sulphur bunkers to reach a port or place where suitable low-sulphur bunkers may be delivered.
  - vi Without prejudice to Charterers' right to put the Vessel off-hire, any delays, costs, expenses, fines and all other consequences arising from or in connection with the Owners and/or Master non-compliance with the sub-clauses (iv) and (v) of this Clause 8 shall be the sole responsibility and risk of the Owners.
  - vii Owners shall arrange to have each bunker delivery to the Vessel analysed by DnV Fuel Testing Service or other similar institution, and will forward a copy of the analysis to Charterers as soon as it is received. Further, Owners shall arrange for and retain properly sealed and identified samples of each grade of bunkers received. Costs for said bunker analysis shall be shared on a 50/50 basis between Owners and
-

Charterers. Payment to be made against Owners supporting documentation.

- viii If, at any time after commencement of this Charter Party, applicable international, regional, national or local requirements/rules by way of bunker specifications or standards are introduced anywhere within the trading range under this Charter Party, Charterers shall supply bunkers in compliance with said requirements/rules.

## 9 Rate of Hire

The hire payable to Owners by Charterers shall never be lower than USD 500,000 pmpr (the "floor") nor shall the hire payable exceed USD 1,050,000 pmpr (the "ceiling").

If the market value for VLGCs as reflected in the Baltic LPG Route assessment in USD per metric ton for a spot voyage from Ras Tanura to Chiba, one-to-one, calculated as the monthly timecharter return (TCR) for the vessel based on her Charter Party performance and the calculation criteria set out below, exceeds the floor above, Charterers shall pay to the Owners the net amount that the TCR exceeds the floor up to the ceiling (the "excess").

The floor shall be payable monthly in advance. The excess shall be assessed over each completed three month period of the charter and, if earned, paid in arrears within one month of the end of the relevant three month period.

The calculation criteria are as follows:

- speed & consumption: as described under clause 20
  - distance: ras tanura - chiba / 6,604 miles
  - port charges: Ras Tanura USD 11,000.00  
Chiba USD 55,000.00
  - bunkers: three-monthly average of Platts for Fujairah and Singapore
  - sea margin: 5 per cent at sea
  - programming tolerance: 1 day
  - intake: 47,300 m.t. (basis two tanks propane plus two tanks butane)
  - laytime: 96 hours (basis 1/1) + 6 hours NOR time in each port (also basis 1/1) + 12 hours for bunkering
- Hire for the Vessel shall be payable from the time and date of her delivery pursuant to Clause 5 hereof until the time and date of her redelivery to Owners.

## 10 Payment of Hire

- i Subject as herein provided, payment of hire shall be made by Charterers in immediately available funds to  
The Royal Bank of Scotland plc  
Shipping Business Centre

5-10 Great Tower Street  
London EC3P 3HX  
United Kingdom

SWIFT: RBOSGB2L

IBAN: GB56 RBOS 1663 0000 3391 92

A/C Name: Cetus Transport Ltd.

A/C No: CETTRA-USD1

per calendar month in advance in U.S. Dollars by telegraphic transfer, less:

- a) Any hire paid which Charterers reasonably estimate to relate to off-hire periods, and
- b) Any amounts disbursed on Owners' behalf, any advances made and commissions thereon, and charges which are for Owners' account pursuant to any provision hereof, And
- c) Any amounts due or reasonably estimated to become due to Charterers under Clause 3 or Clause 20 hereof.

Any such adjustments to be made at the due date for the next monthly payment after the facts have been ascertained. Charterers shall not be responsible for any delay or error by Owners' bank in crediting Owners' account provided that Charterers have given proper and timely payment instructions to their own bank/financial institution.

ii In default of such proper and timely payment:

a) Owners shall notify Charterers of such default and Charterers shall within seven days of receipt of such notice pay to Owners the amount due including interest, failing which Owners may withdraw the Vessel from the service of Charterers at anytime without prejudice to any other rights Owners may have under this Charter Party or otherwise.

and

b) Interest on overdue payments shall be paid for the period starting on and including the due dates for payment as set forth in this Charter Party and ending on but excluding the value date of the payment, on the basis of an annual rate corresponding to the one (1) month London Interbank Offered Rate (LIBOR) (or such other interest rate as may be issued in replacement thereof) as published by the Financial Times (or as published by the National Westminster Bank, London if the Financial Times is not published or the next publication) per due date for payment plus 2%.

**11 Space Available to Charterers**

The whole reach, burthen and decks of the Vessel and any passenger accommodation shall be at Charterers' disposal reserving only proper and sufficient space for the Vessel's Master, Officers, Crew, tackle, apparel, furniture, provisions and stores, provided that the weight of stores on board shall not, unless specially agreed, exceed 50 metric tons excluding fresh water at any time during the Charter Party period.

**12 Instructions and Logs**

Charterers shall from time to time give the Master all requisite instructions and sailing directions in writing (subject always to the Master's paramount discretion as to matters of navigation and routeing which shall not be unreasonably exercised), and the Master shall keep a full and correct log in English of the voyage or voyages, which Charterers or their agents may, at any time, inspect as required. The Master shall when required furnish Charterers or their agents with a true copy of such log and with properly completed loading and discharging port sheets and voyage reports for each voyage and other returns as Charterers may require. Charterers shall be entitled to take copies at Owners' expense of any such documents which are not provided by Master.

**13 Pumping**

The Vessel's pumps and other equipment for cargo handling shall be in good order and condition, and the cargo shall be loaded and discharged in accordance with information given in the HVPQ as per Attachment 1 provided that the shore facilities permit and/or are capable of loading or receiving the cargo within the stipulated time or at the stipulated pressure.

**14 Bills of Lading**

- i The Master (although appointed by Owners) shall be under the orders and direction of Charterers as regards employment of the Vessel, agency and other arrangements, and shall sign Bills of Lading as Charterers or their agents may direct (subject always to Clause 30 i. and Clause 34 without prejudice to this Charter Party. Charterers hereby indemnify Owners against all consequences or liabilities that may arise from:
  - a) signing Bills of Lading in accordance with the directions of Charterers or their agents, to the extent that the terms of such Bills of Lading fail to conform to the requirements of this Charter Party, or (except as provided in sub-clause 14 ii. below) from the Master otherwise complying with Charterers' or their agents' orders;
  - b) from any irregularities in papers supplied by Charterers or their agents.
  
- ii If Charterers by telex, fax, e-mail or other form of written communication that specifically refers to this Clause request Owners to discharge a quantity of Cargo either without production of the Bills of Lading and/or at a discharging place other than that named in a Bill of Lading and/or that is different from the Bill of Lading quantity, then Owners shall discharge such Cargo in accordance with Charterer's instructions in consideration of receiving one of the following indemnities (as required by the circumstances) which shall be deemed to be given by Charterers on each and every such occasion and which is limited in value to 200 % of the CIF value of the Cargo carried on board;

**Standard Letter of Indemnity Forms:**

INT GROUP A

AMENDED STANDARD FORM LETTER OF INDEMNITY TO BE GIVEN IN RETURN FOR DELIVERING CARGO WITHOUT PRODUCTION OF THE ORIGINAL BILL OF LADING

To: (insert name of Owner)(insert date)  
The Owners of the (insert name of ship)  
(insert address)

Dear Sirs

Ship: (insert name of ship)  
Voyage: (insert load and discharge ports in the bill of lading)  
Cargo: (insert description of cargo)  
Bill of Lading: (insert identification numbers, date and place of issue)

The above cargo was shipped on the above ship by (insert name of shipper)and consigned to (insert name of consignee or party to whose order the bill of lading is made out, as appropriate) for delivery at the port of (insert name of discharge port stated in the bill of lading) but he bill of lading has not arrived and we, (insert name of party requesting delivery), hereby request you to deliver the said cargo to X (name of the specific party) or to such party as you believe to be or to represent X or to be acting on behalf of X at (insert place where delivery is to be made) without production of the original bill of lading.

In consideration of your complying with our above request, we hereby agree as follows:-

1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expense of whatsoever nature which you may sustain by reason of delivering the cargo in accordance with our request.
2. In the event of any proceedings being commenced against you or any of your servants of agents in connection with the delivery of the cargo as aforesaid, to provide you or them on demand with sufficient funds to defend same.
3. If, in connection with the delivery of the cargo as aforesaid, the ship, or any other ship or property in the same or associated ownership, management or control, should be arrested or detained or should the arrest or detention thereof be threatened, or should there be any interference in the use of trading of the Vessel (whether by virtue of a caveat being entered on the ship's registry or otherwise howsoever), to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such ship or property or to remove such interference and to indemnify you in respect of any liability, loss, damage or expense caused by such arrest or detention of threatened arrest or detention or such interference, whether or not such arrest or detention or threatened arrest or detention or such interference may be justified.
4. If the place at which we have asked you to make delivery is a bulk liquid or gas terminal or

facility, or another ship, lighter or barge, then delivery to such terminal, facility, ship, lighter or barge shall be deemed to be delivery to the party to whom we have requested you to make such delivery.

5. As soon as all original bills of lading for the above cargo shall have come into our possession, to deliver the same to you, or otherwise to cause all original bills of lading to be delivered to you, whereupon our liability hereunder shall cease.

6. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.

7. If at any time prior to the commencement of discharge of the goods, and after exercising due diligence to ascertain the title of the goods, you become aware of or have reason to believe that there is or may be a doubt or dispute in respect of title to the goods then, without prejudice to and notwithstanding the terms of the above charter party and without prejudice to the terms of paragraphs 1 - 6 of this letter of indemnity which shall remain in full force and effect, you shall be entitled to refuse to deliver the goods as instructed until such time as you have been reasonably satisfied as to title to the goods.

8. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Yours faithfully  
For and on behalf of  
(insert name or Requestor)  
The Requestor

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Signature

INT GROUP B AMENDED STANDARD FORM LETTER OF INDEMNITY TO BE GIVEN IN RETURN FOR DELIVERING CARGO AT A PORT OTHER THAN THAT STATED IN THE BILL OF LADING

To: (insert name of Owners)(insert date)  
The Owners of the (insert name of ship)  
(insert address)

Dear Sirs

Ship: (insert name of ship)

Voyage: (insert load and discharge ports in the bill of lading)  
Cargo; (insert description of cargo)  
Bill of Lading: (insert identification numbers, date and place of issue)

The above cargo was shipped on the above ship by (insert name of shipper) and consigned to (insert name of consignee or party to whose order the bill of lading is made out, as appropriate) for delivery at the port of (insert name of discharge port stated in the bill of lading) but we, (insert name of party requesting substituted delivery), hereby request you to order the ship to proceed to and deliver the said cargo at (insert name of substitute port or place of delivery) against production of at least one original bill of lading.

In consideration of your complying with our above request, we hereby agree as follows:-

1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expense of whatsoever nature which you may sustain by reason of the ship proceeding and giving delivery of the cargo against production of at least one original bill of lading in accordance with our request.
2. In the event of any proceedings being commenced against you or any of your servants or agents in connection with the ship proceeding and giving delivery of the cargo as aforesaid, to provide you or them on demand with sufficient funds to defend same.
3. If, in connection with the delivery of the cargo as aforesaid, the ship, or any other ship or property in the same or associated ownership, management or control, should be arrested or detained or should the arrest or detention thereof be threatened, or should there be any interference in the use of trading of the Vessel (whether by virtue of a caveat being entered on the ship's registry or otherwise howsoever), to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such ship or property or to remove such interference and to indemnify you in respect of any liability, loss, damage or expense caused by such arrest or detention or threatened arrest or detention or such interference, whether or not such arrest or detention or threatened arrest or detention or such interference may be justified.
4. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.
5. If at any time prior to the commencement of discharge of the goods, and after exercising due diligence to ascertain the title of the goods, you become aware of or have reason to believe that there is or may be a doubt or dispute in respect of title to the goods then, without prejudice to and notwithstanding the terms of the above charter party and without prejudice to the terms of paragraphs 1 — 4 of this letter of indemnity which shall remain in full force and effect, you shall be entitled to refuse to deliver the goods as instructed until such time as you have been reasonably satisfied as to title to the goods.

6. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Yours faithfully  
For and on behalf of  
(insert name or Requestor)  
The Requestor

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Signature

INT GROUP C AMENDED STANDARD FORM LETTER OF INDEMNITY TO BE GIVEN IN RETURN FOR DELIVERING CARGO AT A PORT OTHER THAN THAT STATED IN THE BILL OF LADING AND WITHOUT PRODUCTION OF THE ORIGINAL BILL OF LADING

To: (insert name of Owners)(insert date)  
The Owners of the (insert name of ship)  
(insert address)

Dear Sirs

Ship: (insert name of ship)  
Voyage: (insert load and discharge ports in the bill of lading)  
Cargo: (insert description of cargo)  
Bill of Lading: (insert identification numbers, date and place of issue)

The above cargo was shipped on the above ship by (insert name of shipper) and consigned to (insert name of consignee or party to whose order the bills of lading is made out, as appropriate) for delivery at the port of (insert name of discharge port stated in the bill of lading) but we (insert name of party requesting substituted delivery) hereby request you to order the Vessel to proceed to and deliver the said cargo at (insert name of substitute port or place of delivery) to X (name of the specific party) or to such party as you believe to be or to represent X or to be acting on behalf of X without production of the original bill of lading.

In consideration of your complying with our above request, we hereby agree as follows:-

1. To indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expense of whatsoever nature which you may sustain by reason of the ship proceeding and giving delivery of the cargo in accordance with our request.

2. In the event of any proceedings being commenced against you or any of your servants or agents in connection with the ship proceeding and giving delivery of the cargo as aforesaid, to provide you or them on demand with sufficient funds to defend same.
3. If, in connection with the delivery of the cargo as aforesaid, the ship, or any other ship or property in the same or associated ownership, management or control, should be arrested or detained or should the arrest or detention thereof be threatened, or should there be any interference in the use of trading of the Vessel (whether by virtue of a caveat being entered on the ship's registry or otherwise howsoever), to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such ship or property or to remove such interference and to indemnify you in respect of any liability, loss, damage or expense caused by such arrest or detention or threatened arrest or detention or such interference, whether or not such arrest or detention or threatened arrest or detention or such interference may be justified.
4. If the place at which we have asked you to make delivery is a bulk liquid or gas terminal or facility, or another ship, lighter or barge, then delivery to such terminal, facility, ship, lighter or barge shall be deemed to be delivery to the party to whom we have requested you to make such delivery.
5. As soon as all original bills of lading for the above cargo shall have come into our possession, to deliver the same to you, or otherwise to cause all original bills of lading to be delivered to you.
6. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.
7. If at any time prior to the commencement of discharge of the goods, and after exercising due diligence to ascertain the title of the goods, you become aware of or have reason to believe that there is or may be a doubt or dispute in respect of title to the goods then, without prejudice to and notwithstanding the terms of the above charter party and without prejudice to the terms of paragraphs 1 - 6 of this letter of indemnity which shall remain in full force and effect, you shall be entitled to refuse to deliver the goods as instructed until such time as you have been reasonably satisfied as to title to the goods.
8. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Yours faithfully  
For and on behalf of  
(insert name or Requestor)  
The Requestor

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Signature

- iii Owners warrant that the Master will comply with orders to carry and discharge cargo against one or more Bills of Lading from a set of original negotiable Bills of Lading should Charterers so require.

**15 Loss of the Vessel**

Should the Vessel be lost, this Charter Party shall terminate and hire shall cease at noon GMT on the day of her loss. Should the Vessel be a constructive total loss, this Charter Party shall terminate and hire shall cease at noon GMT on the day on which Vessel's underwriters agree that the Vessel is a constructive total loss. Should the Vessel be missing, this Charter Party shall terminate and hire shall cease at noon GMT on the day on which the Vessel was last heard of. Any hire paid in advance and not earned shall be returned to Charterers and Owners shall reimburse Charterers for the value of the estimated quantity of bunkers onboard at the time of termination, at the price paid by Charterers at the last bunkering port. In both cases return hire and bunker price shall be paid to Charterers together with interest on such amounts calculated at the same rate as that specified in Clause 10.

**16 Off-hire**

- i On each and every occasion that there is loss of time (whether by way of interruption in the Vessel's service or, from reduction in the Vessel's performance, or in any other manner):
  - a) due to deficiency of personnel or stores, repairs, gas-freeing for repairs, time in and waiting to enter dry dock for repairs, breakdown (whether partial or otherwise) of machinery, boilers or other parts of the Vessel or her equipment, overhaul, maintenance or survey, collision, stranding, accident or damage to the Vessel, or any other cause whatsoever preventing the efficient working of the Vessel and such loss continues for more than three consecutive hours; or
  - b) due to industrial action, strikes, refusal to sail, delay, inability or unwillingness to perform a task, breach of orders or neglect of duty on the part of the Master, Officers or Crew; or

c) for the purpose of obtaining medical advice or treatment for, or landing, any sick or injured person other than a Charterers' representative or for the purpose of landing the body of any person other than a Charterers' representative and such loss continues for more than three consecutive hours; or

d) due to any delay in quarantine arising from the Master, Officers or Crew having had communication with the shore (which shall not include visits to the vessel by shore-based personnel) at any infected areas without written consent or instruction of Charterers or their agents, or to any detention by customs or other authorities caused by smuggling or other infraction of local law on the part of the Master, Officers or Crew; or

e) due to detention of the Vessel by authorities at home or abroad attributable to legal action against the Vessel and/or breach of rules and regulations by the Vessel, the Vessel's Owners, or Managers/Operators (unless brought about by the act or neglect of Charterers); then;

without prejudice to Charterers' rights under Clause 3 or to any other rights of Charterers hereunder, or otherwise, the Vessel shall be off-hire from the commencement of such loss of time until she is again ready and in an efficient state to resume her service from a position not less favourable to Charterers than that at which such loss of time commenced; provided, however, that any service given or distance made good by the Vessel whilst off hire shall be taken into account in assessing the amount to be deducted from hire.

ii If the Vessel fails to proceed at any guaranteed speed pursuant to Clause 20, and such failure arises wholly or partly from any of the causes set out in Clause 16 i. above, then the period for which the Vessel shall be off-hire under this Clause 16 shall be the difference between:

a) the time the Vessel would have required to perform the relevant service at such guaranteed speed, and

b) the time actually taken to perform such service (including any loss of time arising from interruption in the performance of such service).

For the avoidance of doubt, all time included under this sub-Clause ii. shall be excluded from any computation under Clause 20.

iii Should the Vessel experience waiting time/idle time Owners may request Charterers permission to perform overhaul and/or repairs provided that no time is lost to the Vessel's operation. Such permission not to be unreasonably withheld by Charterers, but if as a consequence of Owners carrying out any such overhaul and/or repairs, time is lost and/or Charterers incur loss of time, expenses and/or other losses (excluding consequential losses), Owners shall

indemnify Charterers for such loss of time, expenses and/or other losses. Owners shall advise Charterers of the intended duration/extent of such repairs and whether the Vessel will be immobilised. Any such overhaul repairs shall always be carried out in accordance with focal port/terminal regulations and Owners shall ensure that all relevant authorities are advised, permissions obtained and relevant precautions undertaken.

- iv Further and without prejudice to the foregoing, in the event of the Vessel deviating (which expression includes without limitation putting back, or putting into any port other than that to which she is bound under the instructions of Charterers) for any cause or purpose mentioned in Clause 16 i, the Vessel shall be off-hire from the commencement of such deviation until the time when she is again ready and in an efficient state to resume her service from a position not less favourable to Charterers than that at which the deviation commenced, provided, however, that any service given or distance made good by the Vessel whilst so off-hire shall be taken into account in assessing the amount to be deducted from hire. If the Vessel, for any cause or purpose mentioned in Clause 16 i, puts into any port other than the port to which she is bound on the instructions of Charterers, the port charges, pilotage and other expenses at such port shall be borne by Owners. Should the Vessel be driven into any port or anchorage by stress of weather, hire shall continue to be due and payable during any time lost thereby.
- v Vessel shall be also off-hire for any time loss by the failure of the Vessel to comply with the provisions of Clause 13.
- vi Any time lost due to Vessels failure to heat up the cargo in accordance with Clause 25 shall count as off-hire including without limitation, any delay in moving the Vessel from and back to a berth or place of loading, any additional costs and expenses including but not limited cost of tugs, mooring boats and similar services and any waiting time as a result of loss of place in berthing queue.
- vii If the Vessel's Flag state is affected by hostilities, and Charterers in consequence of such hostilities find it commercially impracticable to employ the Vessel and have given Owners written notice thereof then from the date of receipt by Owners of such notice until the termination of such commercial impracticability the Vessel shall be off-hire. Notwithstanding the foregoing, Owners shall have the right to take steps to remedy the situation, including but not limited to change of flag, subject to Charterers approval, such approval not to be unreasonably withheld. All costs incurred shall be at Owners time and expense.
- viii Time during which the Vessel is off-hire under this Charter Party shall count as part of the Charter Party period unless Charterers should opt otherwise. Charterers to declare such option 45 days prior to expiry of original period. Any off hire periods occurring during the last 45 days of the Charter Party may at Charterers option be declared as

counting within 7 days of their occurrence and the Charter Party period shall be extended accordingly.

- ix If the Vessel is continuously off-hire for more than 60 days Charterers shall have the option to terminate this Charter Party by giving written notice to Owners. Such termination shall be without prejudice to any claims that Charterers may otherwise have against the Owners.
- x Without prejudice to Charterers' right to claim damages, any time lost by reason of matters falling within Clause 1 or Clause 2 shall be considered as off-hire.

## 17 Periodical Dry-docking

### ALTERNATIVE 1) OR 2) TO BE SELECTED :

#### ALTERNATIVE 1

- i Owners have the right and obligation to dry-dock the Vessel at regular intervals of 30 — 36 months but always in accordance with Vessel's Classification Society requirements. On each occasion Owners shall propose to Charterers a date on which they wish to dry-dock the Vessel, not less than 90 days before such date, and Charterers shall propose a port for such periodical dry-docking and shall take all reasonable steps to make the Vessel available as near to such port and date as practicable.  
  
Owners shall put the Vessel in dry-dock at their expense as soon as practicable after Charterers place the Vessel at Owners' disposal clear of cargo other than tank washings and residues. Owners shall be responsible for and pay for the disposal into reception facilities of such tank washings and residues and shall have the right to retain any monies received therefore, without prejudice to any claim for loss of cargo under any Bill of Lading or this Charter Party.
- ii If a periodical dry-docking is carried out in the port offered by Charterers (which must have suitable accommodation for the purpose and reception facilities for tank washings and residues), the Vessel shall be off-hire from the time she is at Owners disposal until dry-docking is completed and she is in every way ready to resume Charterers service and is at the position at which she went off-hire or a position no less favourable to Charterers, whichever she first attains.
- iii Owners shall not trade the Vessel for their own account on passages to or from the dry docking port.

- iv The expense of gas freeing, including without limitation the cost of bunkers, shall be for Owners account.
- v If Owners require the Vessel instead of proceeding to the offered port, to carry out periodical dry docking at a special port selected by them, the Vessel shall be off-hire from the time when she is released to proceed to the special port until she next presents for loading in accordance with Charterers' instructions at a position no less favourable to Charterers than when she went off-hire, provided, however, that Charterers shall credit Owners with the time which would have been taken on passage at the service speed had the Vessel not proceeded to dry-dock.

All bunkers consumed shall be paid for by Owners but Charterers shall credit Owners with the value of the bunkers which would have been used on such notional passage calculated at the guaranteed daily consumption for the service speed, and shall further credit Owners with any benefit gain in purchasing bunkers at the special port. See Additional Clause 68.

ALTERNATIVE 2:

## **18 Routine Ship Inspection and Investigation after Incident/Accident**

- i Charterers shall have the right at any time during the Charter Party period to make such inspections of the Vessel as they may consider necessary. This right may be exercised as often and at such intervals as Charterers in their absolute discretion may determine and whether the Vessel is in port or on passage and whether she is on-hire or not. Owners agree to afford all necessary co-operation and accommodation on board provided, however
  - a) that neither the exercise nor the non-exercise, nor anything done or not done in the exercise or non-exercise, by Charterers of such right shall in any way reduce the Master's or Owners' authority over, or responsibility to Charterers or third parties for, the Vessel and every aspect of her operation, nor increase Charterers responsibilities to Owners or third parties for the same, and
  - b) that Charterers shall not be liable for any act, neglect or default of their own or their servants or agents in the exercise or non-exercise of the aforesaid right.

- ii Should an incident/accident take place to the Vessel and/or on board the Vessel, Charterers have the right to investigate at their own time and expense, including but not limited to any incident/accident resulting in damages to property/nature and/or personal injury of any nature or death onboard.
- iii Such investigation shall be conducted by Charterers or their representative(s) according to Charterers' procedures/practice for such investigations, however; Owners may at their time and expenses have the right to have their own representative(s) present on-board during any such investigation.
- iv If in the opinion of the Charterers it is necessary to delay, stop, deviate, anchor or berth/dock etc. the Vessel in order to investigate the incident/accident and order the Owners/Master to do so, Owners/Master shall comply with such orders.
- v Should the incident/accident which take place affect the fast voyage planned under the Charter Party, and should Vessel's redelivery date be affected, delayed or postponed to a later date as the result of or in connection with Charterers exercise of the rights set out above, any delay shall not be construed as a breach of any of the Charterers' obligations under the Charter Party and they shall pay hire as normal until the Vessel is redelivered to Owners.
- vi Charterers action under this Clause will not be construed as a waiver of their rights under the Charter Party or as any way relieving the Owners from their obligations under the Charter Party.
- vii Further, Charterers have the right to claim any costs, expenses and losses as damages from Owners in the event that the incident/accident that leads to this investigation arises from or in connection with the Owners' breach of their obligations under the Charter Party.
- viii In the event that Charterers' representative embarks on the Vessel, Charterers' representatives shall sign, if requested, the standard International Group of P&I Clubs Letter of Indemnity (LOI) absolving Owners from responsibility for personal injury or accident to the said representatives whilst carrying out the aforementioned investigation on board the Vessel.
- ix Charterers right to investigate will not interfere with on-going response efforts or any obligations under law.

**19 Review of Plans and Additional Equipment**

- i Owners will provide, if so requested by Charterers, copies of all plans and specifications relating to the Vessel.
- ii Without prejudice to sub-clause 19 i. above, Owners shall provide Charterers with two copies of the following plans for the Vessel prior to delivery date:
  - 1. General Arrangement Plan
  - 2. Capacity Plan
  - 3. Piping/ Cargo System Arrangement Plan
  - 4. Mooring Plan

## 20 Speed, Bunker Consumption and Cargo Heating Warranties

- i Owners guarantee that the speed and maximum daily bunker consumption of the Vessel in moderate weather up to and including Beaufort Force 5 and Douglas Sea State 4 shall be as follows:-  
Speed(s): "about" (defined: +/- 0.5 knot)  
Consumptions: "about" (defined: +/- 5 per cent)  
In laden condition 16,5 knots on 51,5 metric tons IFO — 380 CST for main engine plus 6,0 metric tons IFO -380 CST for auxiliaries.

In ballast condition 16,5 knots on 47,5 metric tons IFO — 380 CST for main engine plus 6,0 metric tons IFO -380 CST for auxiliaries.

The bunker consumptions stated herein are for all purposes except cargo heating, tank cleaning, inerting, crude oil washing, ballasting/deballasting, manoeuvring in and out of port, canal transits, pumping, harbour steaming, narrow and restricted water and river navigation.

- ii Owners guarantee that the maximum bunker consumption shall be :-  
Consumptions: "about" (defined: +/- 5 per cent)  
Idle at anchor or alongside berth        metric tons of IFO — 380 per day without boiler operation,        Mtons of IFO — 380 in stand-by condition with boiler operating.

Whilst loading cargo, the idle consumption warranted above in standby condition with boiler operating plus an additional        metric tons IFO -380 per day.

Whilst discharging cargo, the idle consumption warranted above in standby condition with boiler operating plus an additional        metric tons IFO-380 per day.

- iii In the absence to Charterers instructions to the contrary, and always subject to the requirements of safe navigation, the Vessel shall proceed at the speeds provided in Clause 20 i. above. However Charterers shall have the right to instruct the Vessel to steam at any reduced speed within Vessels capability, giving due allowance for the critical RPM limit of Vessels main engine or auxiliary equipment, indemnifying Owners against any claim from and/or liabilities incurred to third parties such as the consignees and/or suppliers and/or owners of cargo for delays in cargo deliveries which may arise as a direct result of Charterers' instructions to steam at reduced speed.
- iv Speed and performance shall for the purpose of this Clause 20 be calculated by taking the average of the speed and consumption achieved for each voyage by reference to the observed distance as recorded in Vessels sea log from sea buoy at Vessels load/discharge port outbound to sea buoy at Vessels load/discharge port inbound. For the purposes of this calculation the following periods shall be excluded from the calculation herein after referred to as "Excluded Periods":
  - a) Any periods during which reduction of speed is necessary in order to navigate safely in narrow or congested waters and/or canals or in ice or in poor visibility or is due to the effect of adverse currents or when speed is reduced in order to comply with the recommendations of pilots or Pilotage
  - b) Any days, noon to noon, when wind and sea state exceed force 5 on the Beaufort scale as well as Douglas sea state 4 for a period of 6 consecutive hours. Weather, wind and sea conditions shall be taken from the Vessel's deck logs, always subject to verification by a third party independent weather service. In the event of a discrepancy between the two findings, the third party weather service findings shall be conclusive. For the purpose of any calculation under this Clause 20, any day on which wind or sea conditions exceed the above listed criteria will be excluded in its entirety from the calculation.
- v If during any period from the date on which the Vessel enters service the Vessel falls below the average performance guaranteed in accordance with this clause 20 and if such shortfall results:

a) From a reduction in the average speed of the Vessel, compared to the speed guaranteed under this Clause 20, then an amount equal to the value of the hire for the time so lost shall be deducted from the hire payable.

b) From an increase in the total bunkers consumed, compared to the total bunkers which would have been consumed had the Vessel performed as guaranteed herein, an amount equivalent to the value of the additional bunkers consumed, based on the average price paid by Charterers for the Vessel's bunkers in such period, shall be deducted from the hire payable.

The results of the performance calculation for laden and ballast mileage respectively shall be adjusted to take into account the mileage steamed in each such condition during excluded periods, by dividing such addition or deduction by the number of miles over which the performance has been calculated and multiplying by the same number of miles plus the miles steamed during the Excluded Periods, in order to establish the total performance calculation for such period.

Reduction of hire under Clause 20 shall be without prejudice to any other remedy available to Charterers.

Owners shall have the right to offset any periods when the Vessel's speed is in excess of the warranty provided herein, or when bunker consumption is less than the consumption warranted herein, against the periods calculated in accordance with this Clause when the Vessel fails to maintain the speed or consumes more bunkers than that warranted in sub-clause 20 i. above. Increased performance shall be calculated utilising the same parameters as provided in this Clause for the calculation of under performance. At no time shall Charterers be required to compensate Owners for Vessel's increased performance other than by offset against any under performance so calculated.

vi      Calculations under this Clause 20 shall be made annually or for the Charter Party term, whichever is shorter. Claims in respect of reduction of hire arising under this Clause during the final period of the Charter Party period shall be settled within 30 days after termination of the Charter Party/Redelivery of the Vessel to the Owners. Charterers shall provide Owners with the opportunity to review any claims submitted in accordance with the provisions of this clause, Owners shall respond to Charterers with the results of said review within 45 days from the date that such claim has been forwarded from Charterers to Owners. Should Owners have failed to respond within 60 days of the date on which Charterers forwarded the claim to Owners, then Charterers shall be at liberty to deduct from hire the amount which they claim to be entitled to under this Clause. Such deduction shall be without prejudice to any rights Owners may have to defend such claim.

**21 Salvage**

- i Subject to the provisions of Clause 16 hereof, all loss of time and all expenses (excluding any damage to or loss of the Vessel or tortious liabilities to third parties) incurred in saving or attempting to save life or in successful or unsuccessful attempts at salvage shall be borne equally by Owners and Charterers provided that Charterers shall not be liable to contribute towards any salvage payable by Owners arising in any way out of services rendered under this Clause 21 .
- ii All salvage and all proceeds from derelicts shall be divided equally between Owners and Charterers after deducting the Master's Officers' and Crew's share.

**22 Lien**

Owners shall have a lien upon all cargoes and all freights, sub-hire, sub-freights and demurrage for any amounts due under this Charter Party; and Charterers shall have a lien on the Vessel, her appurtenances, accessories and bunkers (if paid for by Owners), for all monies paid in advance and not earned, and for all claims for damages arising from any breach by Owners of this Charter Party, together with related legal costs and expenses and all amounts due to Charterers under this Charter Party.

**23 Exceptions**

- i The Vessel, her Master and Owners shall not, unless otherwise in this Charter Party expressly provided, be liable for any loss or damage or delay or failure arising or resulting from any act, neglect or default of the Master, Pilots, mariners or other servants of Owners in the navigation or management of the Vessel, fire, unless caused by the actual fault or privity of Owners, collision or stranding; dangers and accidents of the sea, explosion, bursting of boilers, breakage of shafts or any latent defect in hull, equipment or machinery, provided however, that Clauses 1 , 2, 3 and Clause 20 hereof shall be unaffected by the foregoing. Further, neither the Vessel, her Master or Owners, nor Charterers shall, unless otherwise in this Charter Party expressly provided, be liable for any loss or damage or delay or failure in performance hereunder arising or resulting from act of God, act of war, seizure under legal process provided bond is promptly furnished to release the Vessel or cargo, strikes, lock-outs, riots, restraints of labour, civil commotions or arrest or restraint of princes, rulers or people.
- ii The Vessel shall have liberty to sail with or without pilots, to tow or go to the assistance of vessels in distress and to deviate for the purpose of saving life or property.

- iii The exceptions contained in this Clause 23 shall not apply to or affect any liability of Owners or the Vessel or any other relevant person in respect of
- a) loss or damage caused to any berth, jetty, dock, dolphin, buoy, mooring line, pipe or crane or other works or equipment whatsoever at or near any place to which the Vessel may proceed under this Charter Party, whether or not such works or equipment belong to Charterers, or
  - b) any claim (whether brought by Charterers or any other person) arising out of any loss of or damage to or in connection with cargo. Any such claims shall be subject to the Hague-Visby Rules or the Hague Rules, or the Hamburg Rules, as the case may be, which ought pursuant to the Clause Paramount, Clause 33, hereof to have been incorporated in the relevant Bill of Lading (whether or not such Rules were so incorporated) or, if no such Bill of Lading is issued, to the Hague-Visby rules unless the Hamburg Rules compulsorily apply in which case the Hamburg Rules shall apply.
  - c) In particular and without limitation, the foregoing subsections i. and ii. of this Clause 23 shall not apply to or in any way affect any provision in this Charter Party relating to off-hire or to reduction of hire.

**24 Injurious Cargos**

No acids, explosives or cargoes injurious to the Vessel shall be shipped and without prejudice to the foregoing any damage to the Vessel caused by the shipment of any such cargo, and the time taken to repair such damage, shall be for Charterers' account. No voyage shall be undertaken, nor any goods or cargoes loaded, that would expose the Vessel to capture or seizure by rulers or governments.

**25 Cargo Heating**

Owners warrant that cargo heating shall be at all times performed in accordance with the HVPQ as per Attachment 1.

**26 Laying-up**

**27 Requisition**

Should the Vessel be requisitioned by any government, de facto or de jure, during the period of this Charter Party, the Vessel shall be off-hire during the period of such requisition, and any hire paid by such government in respect of such requisition period shall be for Owners' account, provided, however, that if such requisition continues for a period in excess of ninety (90) days, Charterers shall have the option to terminate the Charter Party upon written notice to Owners. Any such requisition period shall, at Charterers' option, count as part of the Charter Party period.

## **28 Outbreak of War**

If war or hostilities break out between any two or more of the following countries: Vessel's flag state, United States of America, Russian Federation, People's Republic of China, United Kingdom, France, Germany, Japan or Norway, then both Owners and Charterers shall have the right to cancel this Charter Party, provided that the war or hostilities directly affect the ability of the Charterers to employ the Vessel in the trade they intended for her.

## **29 Additional War Expenses**

- i If the Vessel is ordered to trade in areas where there is war (de facto or de jure) or threat of war, Charterers shall reimburse Owners for any net additional insurance premia, crew bonuses and other expenses which are reasonably incurred by Owners as a consequence of such orders, provided that Charterers are given notice of such expenses as soon as practicable and in any event prior to such expenses being incurred.
- ii Any payments by Charterers under this Clause will only be made against proven documentation.
- iii Any discount, address commission or rebate paid or refunded to Owners, for whatever reason, in respect of additional war risk premium shall be passed on to Charterers.

## **30 War Risks and Government Orders**

- i The Master shall not be required or bound to sign Bills of Lading for any place which in his or Owners' reasonable opinion is dangerous or impossible for the Vessel to enter or reach owing to any blockade, war, hostilities, warlike operations, civil war, civil commotions or revolutions, or piracy risks (as defined in Clause 51).
- ii If in the reasonable opinion of the Master or Owners it becomes, for any of the reasons set out in sub-clause 30 i. above Clause or by the operation of international law, dangerous, impossible or prohibited for the Vessel to reach or enter, or to load or discharge cargo at, any place to which the Vessel has been ordered pursuant to this charter (a "place of peril"), then Charterers or their agents shall be immediately notified in writing or by radio messages, and Charterers shall thereupon have the right to order the cargo, or such part of it as may be affected, to be loaded or discharged, as the

case may be, at any other place within the trading limits of this Charter Party (provided such other place is not itself a place of peril). If any place of discharge is or becomes a place of peril, and no orders have been received from Charterers or their agents within 48 hours after dispatch of such messages, then Owners shall be at liberty to discharge the cargo or such part of it as may be affected at any place which they or the Master may in their or his discretion select within the trading limits of this charter and such discharge shall be deemed to be due fulfilment of Owners' obligations under this charter so far as cargo so discharged is concerned.

- iii The Vessel shall have liberty to comply with any directions or recommendations as to departure, arrival, routes, ports of call, stoppages, destinations, zones, waters, delivery or in any other wise whatsoever given by the government of the state under whose flag the Vessel sails or any other government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or local authority including any de facto government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or local authority or by any committee or person having under the terms of the war risks insurance on the Vessel the right to give any such directions or recommendations. If by reason of or in compliance with any such directions or recommendations anything is done or is not done, such shall not be deemed a deviation. If by reason of or in compliance with any such direction or recommendation the Vessel does not proceed to any place of discharge to which she has been ordered pursuant to this Charter Party, the Vessel may proceed to any place which the master or Owners in his or their discretion select and there discharge the cargo or such part of it as may be affected. Such discharge shall be deemed to be due fulfilment of Owners' obligations under this charter so far as cargo so discharged is concerned.

### **31 Both to Blame Collision Clause**

- i If the liability for any collision in which the Vessel is involved while performing this Charter Party falls to be determined in accordance with the laws of the United States of America, the following provision shall apply:

*“If the ship comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the Master, mariners, pilot or servants of the carrier in the navigation or in the management of the ship, the owners of the cargo carried hereunder will indemnify the carrier against all loss, or liability to the other or non-carrying ship or her owners in so far as such loss or liability represents loss of, or damage to, or any claim whatsoever of the owners of said cargo, paid or payable by the other or non - carrying ship or her owners to the owners of said cargo and set off, recouped or recovered by the other or non-carrying ship or her owners as part of their claim against the carrying ship or carrier”.*

*“The foregoing provisions shall also apply where the owners, operators or those in charge of any ship or ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect of a collision or contact.”*

- ii Charterers shall procure that all Bills of Lading issued under this Charter Party shall contain a provision in the foregoing terms to be applicable where the liability for any collision in which the Vessel is involved falls to be determined in accordance with the laws of the United States of America.

### **32 General Average/New Jason Clause**

- i General average contributions shall be payable according to the York/Antwerp Rules, 2004 with subsequent amendments thereto, and shall be adjusted and settled in United States Dollars in London in accordance with English law and practice but should adjustment be made in accordance with the law and practice of the United States of America, the following provision shall apply:

*“In the event of accident, danger, damage or disaster before or after the commencement of the voyage, resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the carrier is not responsible by statute, contract or otherwise, the cargo, shippers, consignees or owners of the cargo shall contribute with the carrier in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo.”*

*“If a salving ship is owned or operated by the carrier, salvage shall be paid for as fully as if the said salving ship or ships belonged to strangers. Such deposit as the carrier or his agents may deem sufficient to cover the estimated contribution of the cargo and any salvage and special charges thereon shall, if required, be made by the cargo, shippers, consignees or owners of the cargo to the carrier before delivery.”*

- ii Charterers shall procure that all Bills of Lading issued under this Charter Party shall contain a provision in the foregoing terms, to be applicable where adjustment of General Average is made in accordance with the laws and practice of the United States of America.

### 33. Clause Paramount

Charterers shall procure that all Bills of Lading Issued pursuant to this Charter Party shall contain the following:

- i *“Subject to sub-Clause (ii) or (iii) hereof, this Bill of Lading shall be governed by, and have effect subject to, the rules contained in the International Convention for the Unification of Certain Rules relating to Bills of Lading signed at Brussels on 25<sup>th</sup> August 1924 (hereafter the “Hague Rules”) as amended by the Protocol signed at Brussels on 23<sup>rd</sup> February 1968 (hereafter the “Hague-Visby Rules”). Nothing contained herein shall be deemed to be either a surrender by the carrier of any of his right or immunities or any increase of any of his responsibilities or liabilities under the “Hague-Visby Rules.”*
- ii *“If there is governing legislation which applies the Hague Rules compulsorily to this Bill of Lading, to the exclusion of (he Hague-Visby Rules, then this Bill of Lading shall have effect subject to the Hague Rules. Nothing therein contained shall be deemed to be either a surrender by the carrier of any of his rights or immunities or an increase of any of his responsibilities or liabilities under the Hague Rules.”*
- iii *“If there is governing legislation which applies the United Nations Convention on the Carriage of Goods by Sea Act 1978 (hereinafter the Hamburg Rules) compulsorily to this Bill of Lading, to the exclusion of the Hague Rules, the Hague-Visby Rules, then this Bill of Lading shall have effect subject to the Hamburg Rules. Nothing therein contained shall be deemed to be either a surrender by the carrier of any of his rights or immunities or an increase of any of his responsibilities or liabilities under the Hamburg Rules.”*
- iv *“If any term of this Bill of Lading is repugnant to the Hague-Visby Rules, or the Hague Rules, or the Hamburg Rules, if applicable, such term shall be void to that extent but no further.”*
- v *“Nothing in this Bill of Lading shall be construed as in any way restricting, excluding or waiving the right of any relevant party or person to limit his liability under any available legislation and/or law.”*

### 34. Export/Import Restrictions

- i The Master shall not be required or bound to sign Bills of Lading for the carriage of cargo to any place to which export of such cargo is prohibited under the laws, rules or regulations of the country in which the cargo was produced and/or shipped.
- ii Charterers shall procure that all Bills of Lading issued under this Charter Party shall contain the following Clause:

*“If any laws, rules or regulations applied by the government of the country in which the cargo was produced and/or shipped, or any relevant agency thereof, impose a prohibition on the export of the cargo to the place of discharge designated in or ordered under this Bill of Lading, carriers shall be entitled to require cargo owners forthwith to nominate an alternative discharge place for the discharge of the cargo, or such part of it as may be affected, which alternative place shall not be subject to the prohibition, and carriers shall be entitled to accept orders from cargo owners to proceed to and discharge at such alternative place.*

*If cargo owners fail to nominate an alternative place within 72 hours after they or their agents have received from carriers notice of such prohibition, carriers shall be at liberty to discharge the cargo or such part of it as may be affected by the prohibition at any safe place on which they or the Master may in their or his absolute discretion decide and which is not subject to the prohibition, and such discharge shall constitute due performance of the contract contained in this Bill of Lading so far as the cargo so discharged is concerned.”*

The foregoing provision shall apply mutatis mutandis to this Charter Party, the references to a Bill of Lading being deemed to be references to this Charter Party.

**35 Ice**

- i The Vessel not to force ice nor follow ice-breakers. In case the Vessel is found in iced area or area affected by ice, then:
- ii Charterers shall on their own account, place necessary ice breakers and ice advisor, if available, at the Vessel’s disposal. If ice breakers are not available at any time then Owners shall not be bound to proceed.
- iii In the event that the nominated load or discharge port (s) is/are inaccessible due to ice, the Vessel will proceed to the nearest safe ice free position and at the same time request revised orders.
- iv Immediately upon receipt of such request Charterers shall nominate an alternative ice free and accessible port in accordance with this Charter Party where there is no danger of the Vessel being frozen in and where if the Vessel has cargo onboard there are facilities for receiving the cargo.
- v In the event that the Master deems the Vessel in danger of being frozen in at the nominated load or discharge port(s), Owners may at their sole discretion and after having

consulted the Charterers order the Vessel to cease loading or discharging and leave such port. In such circumstances, Charterers shall, on their own account, place necessary ice breakers and ice advisor, if available, at the Vessel's disposal

- vi Should the Vessel be ordered to sail outside the agreed warranty limits and if Owners agree to continue on such voyage then Charterers undertake to reimburse Owners for:
  - a) any net extra insurance premium applicable, and
  - b) any additional deductible thereof.
- vii The Vessel shall remain on hire if delayed due to ice and/or to any reason related thereto.
- viii Notwithstanding anything else to the contrary in this Charter Party, Charterers shall be liable for all consequences including but not limited to damages to the Vessel and/or cargo due to ice and shall be liable for the costs and time for repairs.

### **36 Ship to Ship Cargo Transfer**

- i Owners warrant that the Vessel is capable of safely carrying out all procedures as set out in the latest revised edition of the "International Chamber of Shipping" and "Oil Companies International Marine Forum Ship to Ship Transfer Guide (Petroleum)" hereinafter referred to as "The Guide".
- ii Charterers have the right to load or discharge the Vessel via ship to ship lighterage.
- iii Transfer operations to be in accordance with The Guide. Charterers shall provide at their expense all necessary equipment and facilities including fenders, hoses, mooring masters, etc. for operation to Owners'/Master's reasonable satisfaction which shall not be unreasonably withheld.
- iv Charterers shall, if required by law or The Guide, on their account provide representatives (mooring master and/or cargo STS advisor) onboard the Vessel to give technical assistance to perform the ship to ship transfer.
- v Ship to ship transfer operations shall be performed only in ports or areas where the Vessel can continuously be safely afloat and are permitted by U.S. Coastguard, Port Authorities and/or other Authorities, as the case may be, to perform the ship to ship transfer.
- vi Operations shall be made under the exclusive direction, supervision and control of the Vessel's Master and to the satisfaction of the mooring master and/or cargo STS advisor. Vessel's Master shall continue to be fully responsible for the operation, management and navigation of the Vessel during the entire STS operation. If the

Vessel's Master at any time considers that such operations are, or are likely to become, unsafe then he may discontinue such operations. Charterers shall not be deemed to warrant the safety of any lightering vessel and shall not be liable for any loss, damage, injury or delay resulting from the condition of lightering vessels not caused by Charterers' fault or neglect.

- vii Charterers shall notify Owners in advance when, where and how much cargo shall be carried out under such ship to ship transfer operations as well as any other relevant information required prior to the arrival of the Vessel at the intended ship to ship transfer site.
- viii The Vessel shall not be obliged to accept dirty ballast from lightering vessels

## **37 Oil Pollution and Insurance**

- i Owners warrant that throughout the duration of this Charter Party:
  - (a) the Vessel will be owned or demise chartered by a member of the International Tanker Owners Pollution Federation Limited (ITOPF). Owners further warrant they have and will maintain throughout the currency of the Charter Party;
    - aa membership in a Protection and Indemnity (P&I) Association, that is in good financial standing and a member of the International Group of P & I Clubs, in both Protection and Indemnity Classes; and
    - bb) Insurance cover against pollution risks on the normal terms (and up to the full limit of cover) available from P&I Clubs in the International Group.
  - cc) requirements related to Financial responsibility in respect of pollution as further detailed herein:
    - a. Owners warrant that throughout the currency of this Charter Party they will provide the Vessel with the following certificates:
      - i If the Vessel is over 1,000 gross tons and is registered in, or is required to enter a port or offshore facility in the territorial sea of, a State Party to the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001, a Certificate issued pursuant to Article 7 of that Convention.
      - ii If the Vessel is constructed or adapted for the carriage of persistent oil in bulk as cargo and is carrying more than 2,000 tons of such cargo, a

Certificate issued pursuant to Article 7 of the International Convention on Civil Liability for Oil Pollution Damage, 1992, as applicable.

iii If the Vessel is over 300 gross tons and is required to enter US navigable waters or any port or place in the US, a Certificate issued pursuant to Section 1016 (a) of the Oil Pollution Act 1990, and Section 108 (a) of the Comprehensive Environmental Response, Compensation and Liability Act 1980, as amended, in accordance with US Coast Guard Regulations, 33 CFR Part 138.

b. Notwithstanding anything whether printed or typed herein to the contrary,

i save as required for compliance with paragraph (37(i)cc-a) above, owners shall not be required to establish or maintain financial security or responsibility in respect of oil or other pollution damage to enable the Vessel (awfully to enter, remain in or leave any port, place, territorial or contiguous waters of any country, state or territory in performance of this Charter Party.

ii Charterers shall indemnify owners and hold them harmless in respect of any loss, damage, liability or expense (including but not limited to the costs of any delay incurred by the Vessel as a result of any failure by the charterers promptly to give alternative voyage orders) whatsoever and howsoever arising which Owners may sustain by reason of any requirement to establish or maintain financial security or responsibility in order to enter, remain in or leave any port, place or waters, other than to the extent provided in paragraph (37(i)cc-a) above;

iii Owners shall not be liable for any loss, damage, liability or expense whatsoever and howsoever arising which charterers and/or the holders of any bill of lading issued pursuant to this Charter Party may sustain by reason of any requirement to establish or maintain financial security or responsibility in order to enter, remain in or leave any port, place or waters, other than to the extent provided in paragraph (37(i)cc-a) above;

and

dd) Hull and Machinery insurance placed through reputable brokers on Institute Time Clauses or equivalent for the Value of United States Dollars as amended from time to time.

ii Owners further warrant that they are a "Participating Owner" as defined by the Tanker Oil Pollution Indemnification Agreement (TOPIA) and, where the Vessel is a "Relevant Ship" as defined by the Small Tanker Oil Pollution Indemnification Agreement (STOPIA), that they are a "Participating Owner" as defined therein. They further

warrant that the Vessel is entered in TOPIA and (where applicable) STOPIA, and shall remain so during the currency of this Charter Party, unless and to the extent that either or both of those agreements have been terminated in accordance with their provisions.

- iii If changes as set out in Clause 1 x. occur, then Owners shall ensure that consent for any of the said changes is obtained from the P&I and H&M underwriters of the Vessel, and that the insurance cover is not terminated by such change.
- iv If required by Charterers, Owners shall, as soon as possible, furnish to Charterers such evidence of the insurance (s) or certification required under this Clause 37 as Charterers may reasonably request. Without prejudice to Charterers' right to claim damages from Owners if there is a failure or lapse of such insurance(s), or the Vessel does not hold the required evidence of the insurance(s) or certification for any reason at any time during the Charter Party term, Charterers shall have the option on giving 45 days written notice to Owners to terminate the Charter Party when the Vessel is cargo-free. But if Owners can rectify the failure or lapse of such insurance(s) or obtain the required evidence of the insurance(s) or certification within the said period of 45 days Charterers cannot exercise their option to terminate the Charter Party. The parties agree that the Vessel shall be off hire during the period where there is a failure or lapse of such insurance(s) or the Vessel does not hold the required evidence of the insurance(s) or certification until the Vessel has effected all such insurances.

### **38 Eligibility & Compliance**

- i Owners warrant that the Vessel is in all respects eligible under and will comply with all applicable conventions, laws, rules, regulations and requirements of the country of Vessel's registry and of the ports and places specified in Clause 4 to which the Vessel may be ordered under the terms of this Charter Party and that she shall have onboard for inspection by the Charterers, appropriate authorities, agencies or any entity acting for and on behalf of these bodies, all certificates, records, compliance letters and other documents. Without limitation to the foregoing, the conventions, laws, rules, regulations and requirements referred to in this paragraph mean conventions, laws, rules, regulations and requirements concerning ship size, ship design, safety, operation of Vessels' equipment (including inert gas and crude oil washing systems, if the Vessel is so equipped), navigation, pollution and other like matters.
- ii Owners warrant that the Vessel does, and shall, have onboard an International Tonnage Certificate, or equivalent, and shall meet applicable guidelines published by OCIMF (Oil Companies International Marine Forum), ICS (International Chamber of Shipping) and any other relevant industry standard.
- iii Owners shall use reasonable endeavours to ensure that so far as possible the Vessel

shall at all times comply with any applicable regulations and/or requirements of any terminals or facilities in such port (s) or place(s) where the Vessel may load and discharge.

- iv Any delays, losses, expenses or damages arising as a result of failure to comply with this Clause 38 shall be solely for Owners account and Charterers have the right to claim damages should Charterers suffer any loss as the result of any breach of the warranties given by Owners.

**39 Drug & Alcohol Policy**

- i Owners warrant that they apply the Exxon Blanket Declaration Drug & Alcohol Policy on Drug and Alcohol Abuse (“The Policy”) applicable to the Vessel which meets or exceeds the standards in the Oil Companies International Marine Forum (OCIMF) Guidelines for the Control of Drugs and Alcohol onboard Ships. Under this Policy, alcohol impairment shall be defined as a blood alcohol content of 40 mg/100 ml or greater; the appropriate seafarers to be tested shall be Vessel’s Master, Officers and Crew and the drug/alcohol testing and screening shall include random or unannounced testing in addition to routine medical examinations. The frequency of the random/unannounced testing shall be adequate to act as an effective abuse deterrent. Master, Officers and Crew shall be tested at least once a year through a combined program of random/unannounced testing and routine medical examinations.
- ii Owners further warrant that the Policy will remain in effect during the term of this Charter Party and that Owners shall exercise due diligence to ensure that the Policy is complied with. It is understood that an actual impairment or any test finding of impairment shall not in and of itself mean the Owners has failed to exercise due diligence. (See Attachment 4 - Exxon Blanket Declaration Drug & Alcohol Policy).

**40 U.S.A. Trading**

For trading to the U.S.A., the provisions of a qualified individual and oil spill contractor shall be for Owners’ account.

**41 ISPS/MTSA**

- i a) The Owners shall comply with the requirements of the International Code for the

Security of Ships and of Port Facilities and the relevant amendments to Chapter XI of SOLAS (ISPS Code) relating to the Vessel and “the Company” (as defined by the ISPS Code). If trading to or from the United States or passing through United States waters, the Owners shall also comply with the requirements of the US Maritime Transportation Security Act 2002 (MTSA) relating to the Vessel and the “Owner” (as defined by the MTSA).

b) All measures required by the Owners to comply with the Ship Security Plan shall be for the Owners’ account.

c) Upon request the Owners shall provide the Charterers with a copy of the relevant International Ship Security Certificate (or the Interim International Ship Security Certificate) and the full style contact details of the Company Security Officer (CSO).

d) Loss, damages, expense or delay (excluding consequential loss, damages, expense or delay) caused by failure on the part of the Owners or “the Company” /”Owner” to comply with the requirements of the ISPS Code/MTSA or this Clause shall be for the Owners’ account, except as otherwise provided in this Charter Party.

ii a) The Charterers shall provide the Owners and the Master with their full style contact details and, upon request, any other information the Owners require to comply with the ISPS Code/MTSA.

b) In the event the Vessel is sub-let under the terms of this Charter Party, the Charterers shall ensure that the contact details of all sub-charterers are likewise provided to the Owners and the Master. Furthermore, the Charterers shall ensure that all sub-charter parties they enter into during the period of this Charter Party contain the following provision:

*“The Charterers shall provide the Owners with their full style contact details and, where sub-letting is permitted under the terms of the charter party, shall ensure that the contact details of all sub-charterers are likewise provided to the Owners”.*

c) Loss, damages, expense or delay (excluding consequential loss, damages, expense or delay) caused by failure on the part of the Charterers to comply with this Clause shall be for the Charterers’ account, except as otherwise provided in this Charter Party.

iii Notwithstanding anything else contained in this Charter Party all delay, costs or expenses whatsoever arising out of or related to security regulations or measures required by the port facility or any relevant authority in accordance with the ISPS Code/MTSA including, but not limited to, security guards, launch services, vessel escorts, security fees or taxes and inspections, shall be for the Charterers’ account unless such costs or expenses result solely from the negligence of the Owners, Master, Officers or Crew or due to the previous trading history of the Vessel.

- iv If either party makes any payment which is for the other party's account according to this Clause, the other party shall indemnify the paying party.

**42 Working Safely with Suppliers**

Owners undertake to participate in Charterers program "Working Safety with Suppliers" (WSWS). As part of this program Owners will be required to provide staff and resources to meet with Charterers as and when necessary in order to enhance HSE compliance under this contract by means of exchange of experience and industry "best practice" standards.

**43 Ballast Clause**

**44 Remeasurement Clause**

- i Charterers shall have the option of remeasuring the Vessel to a lower deadweight tonnage at any time during the term of this Charter Party and any extension thereto. Time and cost of remeasurement to a lower deadweight and subsequent remeasurement to the original summer deadweight measure under this Charter Party shall be for Charterers account but Owners agree to conduct such remeasurement expeditiously.

**45 Clean Hull**

Charterers shall have the option, subject to Owners approval which shall not be unreasonably withheld, to have the Vessel's hull cleaned and propeller polished at reasonable intervals. The cost of such hull cleaning and time used shall be for Charterers account.

**46 Sale of Vessel**

Owners shall have the right to sell the Vessel during the course of this charter with transfer of the charter attached, subject to Charterers' approval of the transfer (said approval not to be unreasonably withheld).

**47 Cargo Retention Clause**

**48 In Transit Loss Clause**

Charterers shall have the right to claim from Owners, at the time of occurrence, for any loss of cargo in transit exceeding 0.5%,

as determined by surveyors' figures. In this context In-Transit loss shall be defined as the difference between Vessel's net standard volume or as the case may be the ships figure in air/vac at 15 Celsius or other parameters depending on the cargo type after loading at the load port and before unloading at the discharge port, based on ships figures adjusted for Vessel's Experience Factor (VEF) if applicable.

Any action pursuant to this provision shall be without prejudice to any other rights the Charterers may have under the Charter. Further any lack of action shall not be considered as a waiver nor establishing an accepted and binding practice between the parties that may prejudice the Charterers' right to claim under this provision at a later date. For the purposes of this clause, any accredited surveyor shall be considered acceptable to both Owners and Charterers.

**49 Adherence to Voyage Instruction Clause**

Owners and the Master shall comply at all times with Charterers' Voyage Instructions and with Charterers' Standard Instructions found in the Master's Manual for Time Charter Ships.

**50 Smuggling/Contraband Clause**

Any delays, expenses, damages and/or fines incurred on account of smuggling and/or contraband shall be for Owners account.

**51 Piracy**

Notwithstanding any other provisions of this Charter Party; the following shall govern Owners and Charterers rights and duties in respect of actual or threatened acts of piracy or any preventive or other measures (hereinafter 'piracy risks'):

- i Owners shall not be required to follow Charterers' orders that the Master or Owners determine would be likely to expose the Vessel, her crew or cargo to the risk of acts of piracy.
- ii Owners shall be entitled:
  - a) to take reasonable preventive measures to protect the Vessel, her crew and cargo including but not limited to proceeding in convoy, using escorts, avoiding day or night navigation, adjusting speed or course, or engaging security personnel or equipment on or about the Vessel,

- b) to follow any instructions or recommendations given by the flag state, any interested war risk underwriters, any governmental or supragovernmental organisation, and
- c) to take a safe alternative route in place of the normal, direct or intended route to the next port of call, in which case Owners shall give Charterers prompt notice of the alternative route, an estimate of time and bunker consumption and a revised estimated time of arrival, such alternative routeing subject to Charterers' approval, which shall not be unreasonably withheld.
- iii The Vessel shall remain on hire for any time lost as a result of taking the measures referred to in paragraph (ii) of this Clause and for any time spent during or as a result of an actual or threatened attack or detention by pirates up to a maximum of 100 days, after which the Vessel will be considered as off hire.
- iv Charterers shall reimburse Owners for any additional insurance premium, crew bonuses and other expenses (including but not limited to costs of security personnel or equipment) which are reasonably incurred by Owners as a consequence of piracy risks, provided that Charterers are given notice of such expenses as soon as practicable and in any event when such expenses are incurred. In the event that Owners wish to incur the cost of security personnel or equipment, Owners shall notify Charterers before such expenses are incurred, and in sufficient time to allow Charterers to consider an alternative routeing for the Vessel.
- v If in compliance with this Clause anything is done or not done, such shall not be deemed a deviation or breach, but shall be considered as due fulfilment of this Charter Party and/or of any Bill of Lading issued pursuant to this Charter Party.

## **52 Boycott Clause**

In the event of the Vessel is boycotted, delayed or rendered inoperative by strikes, labour stoppages or any other difficulties arising from the Vessel's flag, ownership, Crew or terms of employment of Crew (Crew in this context includes Master and Officers), or of the Vessel or any other vessel under the same ownership, operation or control of Owners, the time so lost shall be considered as off-hire and all expenses and costs incurred thereby including any bunker consumed during such periods shall be for Owners' account.

## **53 Blacklisting Clause**

- i Owners guarantee that the Vessel and her Owners or Managers are not on any black

list or boycott list hindering, delaying or preventing the Vessel's worldwide free and unrestricted trading within the Charter Party period.

- ii Should the Vessel be blacklisted by the sole reason of Owners following Charterers' voyage orders and the Vessel is delayed due to the foregoing, Charterers shall not be entitled to put the Vessel off-hire

**54 United States of America (U.C.) Customs and Border Regulation Clause**

- i It is a condition of this Charter Party that in accordance with U.S. Customs Regulations, Owners have obtained including but not limited to a Standard Carrier Alpha Code (SCAC) and shall include same in the unique identifier which they shall enter in the form set out in the above Customs Regulations, on all the Bills of Lading, cargo manifest, cargo declarations and other cargo documents issued under this Charter Party allowing carriage of goods to ports in the USA.
- ii Further and without prejudice to the foregoing, Owners warrant that they are aware of the requirements of the US Bureau of Customs and Border Protection Ruling issued on December 5th 2003 under Federal Register Part ii department of Homeland Security 19 cfr parts 4,103, et al. and will comply fully with these requirements for entering US ports.
- iii Owners warrant that they have in place the international Carrier Bond (ICB) required under US legislation.
- iv Owners further warrant that they shall fully comply with the US legislations pertaining to Automated Manifest System (AMS).
- v Owners shall be liable for all time lost, costs and expenses incurred due to Owners' failure to comply timely with the above provisions of this Clause.
- vi Charterers on their part warrant that all necessary details required by CBP for clearance of the cargo, inclusive of but not limited to, shipper, consignee and notify party full name, address and phone number, telex number, telefax or e-mail, port of discharge, dock name and number, cargo volume, cargo weight, commodity description, and API, will be included on each Bill of Lading or alternatively supplied to Owners in writing a minimum of 48 hours prior to the Vessels arrival at the first designated U.S. port of discharge.
- vii For voyages less than 24 hours in duration this information must be included on the Bill of Lading or advised to Owners prior to Vessel departure from the loading place or

port. Charterers shall be liable for all time, costs and expenses due to Charterers' failure to comply with the above provisions of this Clause.

viii All administrative costs and expenses in respect of obtaining ICB and AMS shall be for Charterers' account.

**55 Stowaway Clause**

- i
  - a) The Charterers warrant that they will throughout the course of the Charter Party exercise due care and diligence to prevent stowaways gaining access to the Vessel by means of concealing themselves in any of goods or cargo supplied to the Vessel by Charterers.
  - b) If, despite the exercise of due care and diligence by the Charterers, stowaways have gained access to the Vessel, all time lost and all expenses whatsoever and howsoever incurred, including fines, shall be for the Charterers' account and the Vessel shall be on hire.
  - c) Should the Vessel be arrested as a result of stowaways gaining access to the Vessel by means of concealing themselves in any of goods or cargo supplied to the Vessel by Charterers., the Charterers shall take all reasonable steps to secure that, within a reasonable time, the Vessel is released and at their expense put up bail to secure release of the Vessel.
- ii
  - a) Owners warrant that they will throughout the course of the Charter Party exercise due care and diligence to prevent stowaways gaining access to the Vessel by means other than by concealing themselves in any of goods or cargo supplied to the Vessel by Charterers.
  - b) If, despite the exercise of due care and diligence by the Owners, stowaways have gained access to the Vessel, all time lost and all expenses whatsoever and howsoever incurred, including fines, shall be for the Owners' account and the Vessel shall be off hire.
  - c) Should the Vessel be arrested as a result of stowaways having gained access to the Vessel by stowaways gaining access to the Vessel by means of concealing themselves in any of goods or cargo supplied to the Vessel by Charterers., the Owners shall take all reasonable steps to secure that, within a reasonable time, the Vessel is released and at their expense put up bail to secure release of the Vessel.

**56 Tracking System Clause**

Charterers shall have the right to enrol the Vessel in a Vessel GPS and/or satellite Tracking System.

**57 Continuous Readiness**

Owners warrant that the Vessel whilst berthed at a sea-terminal, and any other terminal, will maintain her engines in readiness and will be loaded and discharged in such manner that at any stage of the loading or discharging operations the Vessel will remain able, if necessary for any reasons, to immediately shut down cargo operations and promptly disconnect hoses and mooring lines and proceed to an anchorage or to sea or elsewhere as directed by authorities entitled to give such order/direction.

**58 Anti-Corruption and Facilitation Payments**

- i The Parties represent and warrant to comply with, and use all reasonable endeavours to procure that relevant third parties used for fulfilling the Parties' respective obligations under the Charter Party comply with, all laws, rules, regulations, decrees or official governmental orders prohibiting bribery, corruption and money laundering applicable to any of the Parties or their ultimate parent companies.
- ii A Party may terminate the Agreement, forthwith upon written notice to the other, if the other Party is in breach of the above.
- iii All financial settlements, billings and reports in connection with the Charter Party shall properly reflect the facts about any activities and transactions handled for the account of the other Party. The data may be relied upon as being complete and accurate in any further recordings and reporting made by the Parties or any of their representatives, for whatever purpose.

**59 Commission**

Any commission which may be payable as a result of fixing and/or executing this Charter Party shall be for the account of Owners.

**60 Construction**

The headings of the Clauses set forth herein are for convenience and reference only, and shall not affect the interpretation of this Charter Party.

**61 Amendment/Variations to the Charter Party**

No modification, waiver or discharge of any term in this Charter Party shall be valid unless it is in writing and executed by both Parties.

**62 Execution of the Charter Party**

The parties hereto have caused this Charter Party to be executed in duplicate (both having equal value) on the day and year herein first above written.

**63 Subletting, Assignment, Novation and Third Party Rights**

Charterers may freely sublet the Vessel under this Charter Party to any company within the Statoil Group of companies and to any third party outside of the Statoil group but shall always remain responsible to Owners for the due fulfilment of this Charter Party. Charterers shall also have the right to assign or novate this Charter Party to any company within the Statoil Group of companies, and Owners agree to cooperate to validate any novation.

No term of the Charter Party shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person, company or other legal entity which is not a party to the Charter Party ('a Third Party') against one of the parties to the Charter Party. The Parties may revoke or vary the Charter Party, in whole or in part, without the consent of any Third Party

- i his Charter Party shall be construed and the relations between the parties determined in accordance with the laws of England.
- ii All disputes arising out of this Charter Party shall be referred to Arbitration in London in accordance with the Arbitration Act 1996 (or any re-enactment or modification thereof for the time being in force) subject to the following appointment procedure:
  - a) The parties shall jointly seek to agree to the appointment of a sole arbitrator not later than 28 days after service of request in writing by either party to do so.
  - b) If the parties are unable or unwilling to agree to the appointment of a sole arbitrator in accordance with (ii) above then each party shall appoint one arbitrator not later than 14 days after receipt of a further request in writing by either party to do so. The two arbitrators so appointed shall then appoint a third arbitrator before any substantive hearing, or forthwith if they cannot agree on a matter relating to the arbitration.
  - c) If a party fails to appoint an arbitrator within the time specified in b), the party who has duly appointed his arbitrator shall give notice in writing to the Party in Default that he proposes to appoint his arbitrator to act as sole arbitrator.
  - d) If the Party in Default does not within 7 days of the notice given pursuant to (b) and (c) make the required appointment and notify the other party that he has done so the other party may appoint his arbitrator as sole arbitrator whose award shall be binding on both parties as if he had been so appointed by agreement.
  - e) Any Award of the arbitrators(s) shall be final and binding and not subject to appeal save issue of law arises.
  - f) For the purposes of this Clause any requests or notices in writing shall be sent by fax, e-mail or telex and shall be deemed received on the day of transmission.
- iii It shall be a condition precedent to the right of any party to stay of any legal proceedings in which maritime property has been, or may be, arrested in connection with a dispute under this Charter Party, that that party furnishes to the other party security to which that other party would have been entitled in such legal proceedings in the absence of a stay.
- iv Notwithstanding the foregoing any dispute arising from or in connection with this Charter Party that does not exceed USD 50,000 shall be referred to arbitration under the Small Claims Procedure of LMAA. However, in the event of counterclaim by the

other party the counter-claimant can also claim a maximum of USD 50,000 under the same dispute. For the avoidance of doubt the total claim from both sides shall not exceed USD 100, 000 and a maximum of USD 50,000 for each party.

## 65 Notices

All notices, correspondences and documentation related to this Charter Party shall be sent to the Charterers' brokers or to the address as from time to time may be advised by Charterers. Charterers address is currently:

<b>For Crude and Condensate</b>	<b>For Refinery and Supply Optimatization</b>	<b>For Gas Liquids</b>	<b>For Crude and Condensate USA</b>
Statoil ASA Oil Trading and Supply OTS SHIP (E2) Forusbeen 50 N-4035 Stavanger	Statoil ASA Oil Trading and Supply OTS SHIP (E2) Forusbeen 50 N-4035 Stavanger	Statoil ASA Oil Trading and Supply OTS SHIP (E2) Forusbeen 50 N-4035 Stavanger	Statoil Marketing & Trading (US) Inc. 1055 Washington Blvd. 7th Floor Stamford CT 06901 U.S.A.
Tel:- Email: crudeship@statoil.com	Tel:+47-90 80 68 51 Email: cleanship@statoil.com	Phone:+47 4146 4013 Email: shipgas@statoil.com	Tel: +1-203-978-6900 e-mail: usship@statoil.com

## 66 Confidentiality

The Terms and Conditions of this Charter Party and any arbitration award thereof, if any, to remain Private and Confidential.

## 67 Exhibits & Attachments

The following attachments are deemed to be part of the Charter Party:

- Attachment 1 - OCIMF HVPQ (Harmonised Vessels' Particulars Questionnaire)
- Attachment 2 - Reporting of HSE data to Statoil from Shipping Service providers
- Attachment 3 - Financial Responsibility in Respect of Oil and Bunker Pollution
- Attachment 4 - Exxon Blanket Declaration Drug & Alcohol Policy
- Attachment 5 - American institute Trade Warranties (01/07/72)

**ADDITIONAL CLAUSES:**

**68. LPG Coolant**

- (a) Owners shall provide the Vessel with LPG coolant for the maiden voyage under this charter at their expense.
- (b) Owners guarantee that the Vessel will maintain on board sufficient LPG coolant for any pre-cooling necessary for each subsequent voyage under this charter.
- (c) Prior to any dry-docking in accordance with clause 17 hereof, Charterers shall take over and reimburse Owners at the prevailing Saudi Aramco CP applicable for the date of sailing from the last discharge port the total quantity of coolant on board at the last discharge port prior to dry-docking leaving only vapour or minimum liquid heel on board.
- (d) Owners shall bear the loss by gas-freeing of LPG coolant remaining on board prior to dry-docking up to a maximum of 12 M.T.
- (e) Prior to or on arrival at the first load port after dry-docking, Owners shall arrange to supply LPG coolant for gassing up and cooling down to Masters requirements. Should Owners be unable to arrange such supply Charterers will arrange such supply on arrival at first load port after dry-docking, or prior arrival should same be possible, and Owners shall reimburse Charterers at the prevailing Saudi Aramco CP applicable for the B/L date at the first load port after dry-docking.
- (f) The Vessel shall be off-hire from the time she arrives at first load port after dry-docking until such time as LPG coolant has been received and cooling down completed. In the event that Owners load LPG coolant at the place of dry-docking or at a port enroute to the first load port after dry-docking and gassing up and cooling down are carried out during the course of the Vessels passage to the first load port after dry docking, then the time consumed on passage for gassing up and cooling down shall count as time on hire.
- (g) LPG coolant supplied under this clause is and shall remain Owners property. In the event that as a result of Charterers instructions such LPG coolant is lost, for example due to loading alternative cargo then Charterers shall be required to supply replacement coolant at their expense and all time used in subsequent gassing up and cooling down shall be for Charterers account.
- (h) The Vessel shall be redelivered to Owners with the same grade and quantity of LPG coolant remaining on board as on delivery or after dry docking.

**69. Watchman:**

If, with the prior consent of Charterers, watchman ordered by the Master because he considers it a dangerous port or if watchman compulsorily arranged by shore as a custom of the port, the charges to be for Charterers' account.

**70. Charges and Dues:**

Any charges and / or dues and / or levies and / or taxes on cargo and / or hire and / or sub-hire and / or sub-freight(howsoever based and / or calculated) to be for Charterers' account and to be settled directly by them.

**71. Presentation:**

Tanks on redelivery: liquid free under vapours of last cargo lpg, ready to load

**72. Amended BIMCO Bunker Fuel Sulphur Content Clause for Time Charter Parties 2005:**

(a) Without prejudice to anything else contained in this Charter Party, the Charterers shall supply fuels of such specifications and grades to permit the Vessel, at all times, to comply with the maximum sulphur content requirements of any emission control zone when the Vessel is ordered to trade within that zone.

The Charterers also warrant that any bunker suppliers, bunker craft operators and bunker surveyors used by the Charterers to supply such fuels shall comply with Regulations 14 and 18 of Marpol Annex VI, including the guidelines in respect of sampling and the provision of bunker delivery notes.

(b) Provided always that the Charterers have fulfilled their obligations in respect of the supply of fuels in accordance with sub-clause (a), the Owners warrant that:

(i) the Vessel shall comply with Regulations 14 and 18 of Marpol Annex VI and with the requirements of any emission control zone; and

(ii) the Vessel shall be able to consume fuels of the required sulphur content when ordered by the Charterers to trade within any such zone.

Subject to having supplied the Vessel with fuels in accordance with subclause (a), the Charterers shall not otherwise be liable for any loss, delay, fines, costs or expenses arising or resulting from the Vessel's failure to comply with Regulations 14 and 18 of Marpol Annex VI.

(c) For the purpose of this clause, "emission control zone" shall mean zones as stipulated in Marpol Annex VI and/or zones regulated by regional and/or national authorities such as, but not limited to, the E.U. and the U.S. Environmental Protection Agency.

**73. Amended BIMCO Bunker Quality Control Clause for Time Charter Parties 2010**

- (1) Charterers shall supply bunkers which conform to the specification(s) mutually agreed under this Charter Party.
- (2) At the time of delivery of the Vessel, Owners shall place at the disposal of Charterers the bunker delivery note(s) and any samples relating to the fuels existing on board.
- (3) During the currency of the Charter Party, Charterers shall ensure that bunker delivery notes are presented to the Vessel on the delivery of fuel (s) and that during bunkering representative samples of the fuel(s) supplied shall be taken at the Vessel's bunkering manifold and sealed in the presence of competent representatives of Charterers and the Vessel.
- (4) The fuel samples shall be retained by the Vessel for 90 (ninety) days after the date of delivery or for whatever period necessary in the case of a prior dispute, and any dispute as to whether the bunker fuels conform to the agreed specification(s) shall be settled by analysis of the sample (s) by DNVPS or by another mutually agreed fuels analyst whose findings shall be conclusive evidence as to conformity or otherwise with the bunker fuels' specification (s).
- (5) Owners reserve their right to make a claim against Charterers for any damage to the main engines, auxiliaries and/or boilers caused by the use of fuels not complying with the agreed specification(s). Additionally, if bunker fuels supplied do not conform with the mutually agreed specification(s), Owners shall not be held responsible for any reduction in the Vessel's speed performance and/or increased bunker consumption nor for any time lost and any other consequences.

**74. U.S. Trading:**

Any costs related to Owners producing a Vessel Response Plan (hereinafter "VRP") as required by the U.S. authorities and obtaining approval of the VRP by the U.S. Coast Guard shall be for Charterers' account. Charterers shall give sufficient notice of at least one month of a call to the U.S.A. or its protectorates enabling Owners to obtain an approved VRP within the stated period of one month.

**75. Total Commission:**

1.25 per cent to Fearnleys A/S, Oslo, on all hire paid.

For and on Behalf of Owners

For and on Behalf of Charterers

\_\_\_\_\_

\_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Witnessed by –  
\_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Witnessed by -  
\_\_\_\_\_

STATOILTIME 1

Doc. No.



Version 1.1

CAPTAIN MARKOS NL –  
TC/P 22. OCTOBER 2010

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Attachment 1 - OCIMF HVPQ (Harmonised Vessels' Particulars Questionnaire)

A handwritten signature in black ink, appearing to be "J. J. J.", with a long horizontal stroke extending to the right.

Classification: **Open**

Status: **Final**

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## MAIN PARTICULARS OF VESSEL/GAS FORM C

## 2.1 PREAMBLE

Ship's name	"CAPTAIN MARKOS NL" (ex HHI Hull 1718)
Owners	Cetus Transport Ltd, Monrovia
Flag – Registry	Bahamas
Builder	Hyundai Heavy Industries Co Ltd, Ulsan
Delivery	17 November 2006
Class	LR
IMO No.	9315680

	GRT	NRT
International	47,173.00	17,309.00
Suez	50,239.53	45,580.62
Panama		

Is vessel approved?	
USCG	Yes
IMO	Yes

## 2.2 HULL

	Metres	Feet
LOA	225.27	739.07
LBP	215.00	705.37
Breadth	36.632 (extreme)	120.18 (extreme)
Depth	22.050 (extreme)	72.34 (extreme)
Keel to highest point	50.38	165.29

Max summer draft (equivalent)	12.55	Corresponding deadweight (mt)	58,585
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TPC fully loaded (mt)	71.19
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Mean draft with full bunkers and full cargo		
Specific Gravity	Mean draft (m)	Corresponding DWT (mt)
0.580	11.44	51,006
0.680	12.55	58,850

Communication equipment	
International call sign	C6VV3
Radio station	MF/HF 400W x 1 set
Satcom B	1 set
- Telephone	2 sets
- Telex	1 set
- Telefax	1 set
Satcom C	1 set
MMSI	308 461 000
E-mail	master@captainmarkosnl.amosconnect.com



## 2.3 MACHINERY

<b>Main Engine</b>	
Hyundai-B&W 6S60MC-C	
<b>Max Cont.</b>	18420 BHP x 105 RPM
<b>Grade fuel used</b>	380 CST at 50°C

<b>Auxiliaries</b>	
<b>Diesel</b>	6L28/32H
<b>Make</b>	Hyundai-B&W
<b>kW/RPM</b>	1260 kW / 720 RPM
<b>Grade fuel used</b>	380 CST at 50°C

<b>Speed/Consumption*</b>		
<b>Estimated laden speed over 12 months</b>		16.5 knots
<b>Consumption on guaranteed speed at design draft</b>	<b>Main Engine</b>	NCR = 16380 BHP 49.5 mt/day (based on H.F.O. = 9,700 kcal/kg)

\* Above based on 50/50 propane/butane and up to wind force 5 on Beaufort Scale and sea state 4 on Douglas Scale

<b>Slow speed/consumption figures as guidance only</b>	
<b>Average laden/ballast</b>	<b>Consumption (based on H.F.O. = 9,700 kcal/kg)</b>
13.5 Knots	32.02 metric tons/day
14.0 Knots	34.35 metric tons/day
15.0 Knots	39.78 metric tons/day
16.0 Knots	45.86 metric tons/day

<b>Gas oil consumption alongside in port</b>	N/A
<b>Inert gas plant when operating</b>	505 kg/h at design capacity
<b>Boiler consumption</b>	Max 510.0 kg/h (Fuel consumption) (LCV 10077 kcal/kg)

<b>Permanent bunkers capacity (excluding daily service tanks)</b>	
<b>H.F.O.</b>	3400 m <sup>3</sup> including settling and service tanks
<b>Gas Oil</b>	N/A

## 2.4 CARGO INSTALLATION

<b>Transportable products and respective quantities</b>							
Tank No.	100 % m <sup>3</sup>	98 % m <sup>3</sup>	isoButane 0.5896 -11°C mt	Propane 0.5785 -42°C mt	NH <sup>3</sup> 0.6816 -33°C mt	n-Butane 0.6016 -11°C mt	
1	17905.265	17547.159	10345.8	10151.0	11960.1	10556.4	
2	21834.785	21398.089	12616.3	12378.8	14584.9	12873.1	
3	21836.797	21400.061	12617.5	12379.9	14586.3	12874.3	
4	20701.669	20287.635	11961.6	11736.4	13828.1	12205.0	
<b>Total</b>	<b>82278.516</b>	<b>80632.944</b>	<b>47541.2</b>	<b>46646.1</b>	<b>54959.4</b>	<b>48508.8</b>	
<i>Other transportable products: Butylene, Propylene, Butadiene</i>							

Scantlings of the cargo tanks are based on a maximum density of cargo of 690 kg/m <sup>3</sup> . Cargo with density up to 1,000 kg/m <sup>3</sup> may be carried in the cargo tanks on the following conditions:	
For density of 1,000 kg/m <sup>3</sup>	Up to 67% filling



For densities between 690 and 1,000 kg/m <sup>3</sup>	Inversely linear proportional to cargo density from 98% filling at S.G. = 0.69 to 67% filling at S.G. = 1.0
For densities between 600 and 690 kg/m <sup>3</sup>	Up to 98% filling (no filling restriction)

<b>Tank working pressure</b>	
Maximum pressure	0.45 bar g (harbour) / 0.25 bar g (sea)
Minimum pressure	- 0.05 bar g
Minimum temperature acceptable in tanks	-50°C

Loading rate - tons/hour	2,905 tons/hour (Propane, with vapour return to shore)
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## 2.5 CARGO PUMPS

Number and type	8 x HKSE DW 250/200-3-K+1
Location	Cargo tank hatches
Max permissible specific gravity	690 kg/m <sup>3</sup>
Time for discharging full cargo using all pumps against no backpressure	18 hours (excluding stripping)
Cargo remaining onboard in cargo tanks after completion pumping	80 m <sup>3</sup> liquid ("about")
Total head when working in series with booster pump	235 m
Booster pumps	2 x HKSE NMB 150E

## 2.6 CARGO COMPRESSORS

Number and type	4 x Burckhardt 3K-140-3A	
	<b>Propane</b>	<b>Ammonia</b>
Refrigeration Capacity	308 Kw	508 kW
Suction pressure	1.4 bar abs	1.4 bar abs

## 2.7 INERT GAS SYSTEM

Does the vessel use inert gas?	Yes
Utilization	Hold space, cargo tank condition

Does the vessel produce inert gas?	Yes
Type	Combustion
Daily production	5300 Nm <sup>3</sup> /hour

<b>Composition of inert gas</b>	
Carbon dioxide	14%
Oxygen max.	0.5%
Carbon monoxide max.	100ppm
Hydrogen max.	
Nitrogen	Balance
Soot	0 on Bacharach scale
Sulphur oxides max.	1 ppm
Dew point	-40°C

State if any shore supply of liquid nitrogen may be required
--






Tank conditioning for Ammonia, Butylene, Propylene, Butadiene cargoes	
What quantity?	About 400.000 Nm <sup>3</sup> for Butylene, Propylene, Butadiene. Dry air for Ammonia.

## 2.8 GAS FREEING

Can this operation be carried out at sea?	Yes
---	-----

State method incl. all details	
For LPG	Inert gas
For NH <sub>3</sub>	Ventilation fans

Advise time required and consumption of inert gas if any (excluding liquid freeing)	
From LPG approximately	48 hours / 98.400 Nm <sup>3</sup>
From NH <sub>3</sub> approximately	98 hours

Is the vessel equipped with inert gas blower?	No
Capacity	

Ventilation fan	2 x 10.000 Nm <sup>3</sup> /hour
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## 2.9 CHANGING GRADE

Can this operation be carried out at sea?	Partially
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State method used and time required for changing from NH<sub>3</sub> to LPG, and vice versa, to reach 50 ppm of previous cargo in tank atmosphere, the tanks being dry and free of moisture (dew point plus 10 °C)

From NH <sub>3</sub> to LPG	Liquid-freeing / puddle heating / warming-up / ventilation / inerting (at sea) Purging / cool-down (in port)
Time required	186 hours (at sea) 56 hours (in port)

From LPG to NH <sub>3</sub>	Liquid-freeing / puddle heating / warming-up / ventilation / inerting / drying (at sea) Purging / cool-down (in port)
Time required	172 hours (at sea) 44 hours (in port)

Can vessel reduce in tank atmosphere and gas installation concentration of previous cargo below 50 ppm?	Yes
Method used	Inert gas / air ventilation
How can it be checked that no liquid gas remains onboard?	Sample connections / Temperature indication

## 2.10 CARGO HEATER

State discharging rate for Propane with 2.5 mol % ethane to be brought from -44°C to -5°C at sea temperature of 15°C	340 tons/hour
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## 2.11 CARGO VAPORIZER

In case of need of vapour gas during discharge, can vessel produce its own if no shore gas available?	Yes
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## 2.12 REFRIGERATING APPARATUS

Is it independent of cargo?	No
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## 2.13 MEASURING APPARATUS

What gauges are onboard?	Float type level gauge
Location and type	Cargo tank hatches - 8 x UASI 806 MHN/HT37

## 2.14 SAMPLES

Where can samples be taken?	Cargo tanks, deepwell pump discharge, compressor discharge
Are sample bottles available onboard?	No

## 2.15 CARGO LINES

(See also last page of this Gas Form C)

Is vessel fitted with midship manifolds?	Yes
Distance from cargo manifold to bow	109.48 m
Distance from manifold to stern	115.79 m
Height cargo manifold above deck	2.10 m
Height cargo manifold above waterline when in ballast	16.56 m
Height cargo manifold above waterline when loaded	11.55 m
Distance from shipside to manifold flange	4.00 m
Distance between loading and vapour return connections	2.25 m
Is vessel fitted with stern discharge?	No
Is vessel fitted with fore discharge?	No

Dimension of lines		
	Diameter	Flange size
Liquid	14"	300#
Gas Line	10"	150#
Booster Line	10"/14" (use liquid manifold)	300#

Reducers on board			
Number	Diameter	Flange size	Pressure rating
2	16" x 14"	300# x 300#	20 kg/cm <sup>2</sup>
2	14" x 12"	300# x 300#	20 kg/cm <sup>2</sup>
2	14" x 12"	300# x 150#	20 kg/cm <sup>2</sup>
2	14" x 10"	300# x 300#	20 kg/cm <sup>2</sup>
2	14" x 8"	300# x 300#	20 kg/cm <sup>2</sup>
2	12" x 10"	300# x 150#	20 kg/cm <sup>2</sup>
2	12" x 10"	150# x 150#	20 kg/cm <sup>2</sup>
2	10" x 10"	150# x 300#	20 kg/cm <sup>2</sup>

✓



2	10" x 8"	150# x 300#	20 kg/cm <sup>2</sup>
2	10" x 8"	150# x 150#	20 kg/cm <sup>2</sup>
2	10" x 6"	150# x 300#	20 kg/cm <sup>2</sup>

#### 2.16 LIFTING DEVICE

<b>Where situated</b>	<b>Aft</b>	<b>Amidship</b>
<b>Number and type</b>	Two x electro hydraulic	One x electro hydraulic
<b>Lifting capacity</b>	5 metric tons	10 metric tons
<b>Max. distance from ship's side of lifting hook</b>	4.0 m	6.2 m

#### 2.17 HOSES

<b>For what products are hoses suitable?</b>	N/A
--	-----

Number	Length	Diameter	Working pressure	Flange

#### 2.18 SPECIAL FACILITIES

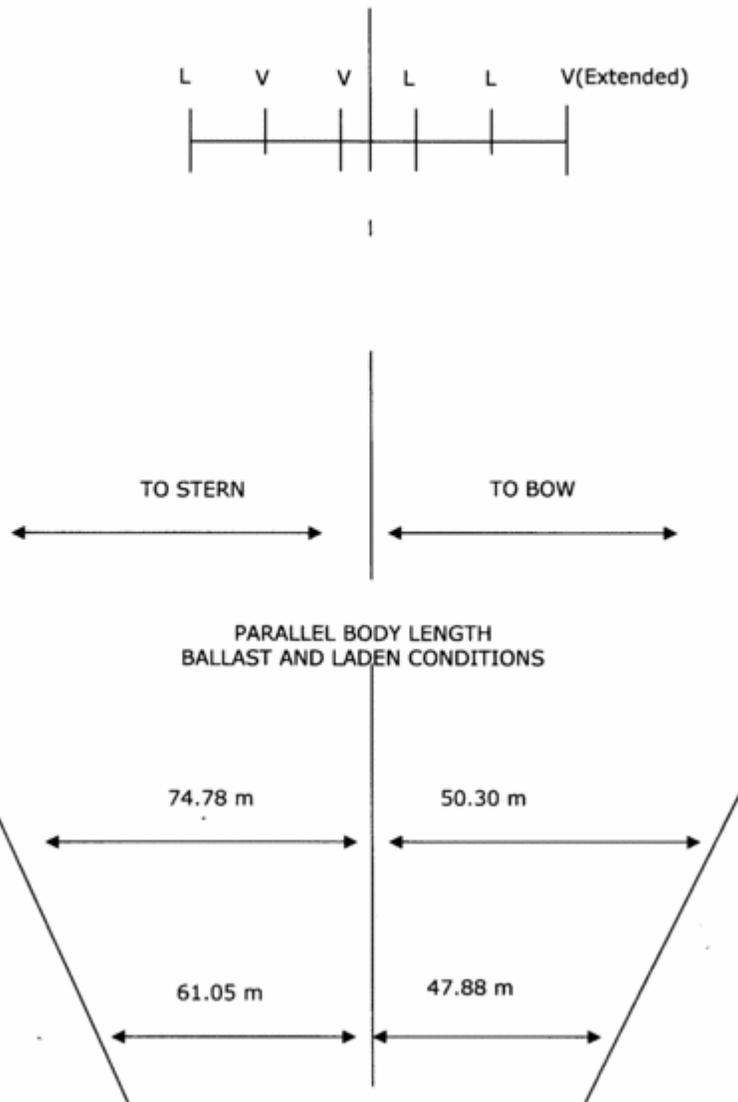
<b>How many grades can vessel segregate?</b>	Two
--	-----

<b>Indicate systems</b>	
<b>Is vessel able to load/discharge two or more grades simultaneously?</b>	Yes (two)
<b>Can vessel sail with slack tanks?</b>	Yes
<b>Is vessel fitted with purge tank?</b>	No

E+OE



ARRANGEMENT OF CARGO MANIFOLD



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Attachment 2 - Reporting of HSE data to Statoil from Shipping Service providers

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Classification: **Open**

Status: **Final**

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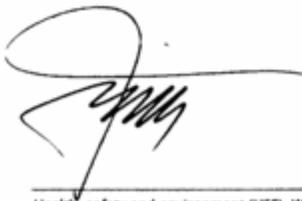
1







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## 1 Objective, target group and warrant

### 1.1 Objective

The purpose of this document is to ensure uniform registration and reporting of HSE data, and to specify uniform criteria for alerting and investigating undesirable incidents according to "Handling of undesirable incidents and HSE data" (WR0015)

### 1.2 Target group

The target groups for this document are OTS and all vessels on time charter (TC) for six months or more.

### 1.3 Warrant

"Statoil Shipping Policy" (WR2317) (Statoil group/All locations/On- and offshore)

## 2 General internal requirements

All group entities (business areas, operational entities, service entities, projects, staff functions and so forth) must have routines which provide effective registration, reporting, quality control, trend assessment and onward reporting through the line management and to the authorities of HSE data from their own entity, in- house and external suppliers, subsidiaries and affiliated companies.

HSE data are recorded and reported for two reasons:

- to provide quantitative documentation of developments over time of undesirable incidents
- to implement measures systematically and purposefully on the basis of the documented developments.

HSE data comprise information on undesirable incidents (stated as number of instances), figures (stated as days, hours, volumes, quantities, consumption, environmental overviews, etc) and descriptions (text). Personal information, i.e. information and evaluations that might be linked to an individual by name, shall not be recorded in forms or in IT- systems used for recording of undesirable incidents.

The HSE data will be used by O&S to comply with Statoil's corporate requirements regarding reporting of HSE indicators. The HSE data will be summarised and reported to the corporate executive committee quarterly, based on the following data:

Personal injury (seriousness and number)  
Accidental oil spills (number and volume)  
Gas leak (number and volume)  
Fire / explosion (seriousness and number)  
Material damage / operational loss (seriousness and number)  
Security incidents (number and cost)





The following three indicators are for the time being used in O&S own score card:

- Serious incidents
- Personal injuries (TRIF)
- Accidental oil spills

O&S will deviate from Statoil's norm with regard to the presentation of the accidental oil spill indicator and follow the standard used by most of the downstream industry. That means that accidental oil spills less than one barrel are not included in the indicator and will not appear on the score card. (See categorising matrix) Irrespective of this, all such accidental oil spills shall be reported and registered as normal.

Since spot chartered vessels are reporting according to charter party / voyage instruction, only serious incidents are reported without working hours. This implies that the indicators serious incidents and accidental oil spills will be based on numbers and not frequency.

The remaining indicator, TRIF, is based on vessels reporting according to these requirements in addition to on land activity.

Appendixes in these requirements shall be included / attached to all contracts for vessels on time charter to Statoil for six months or longer, vessels on COA and shuttle tankers serving Statoil / Statoil operated installations. Spot chartered vessels are excluded from these requirements, but have to report according to charter party / voyage instruction in force.

O&S is hiring refining capacity and storage capacity at various locations, such activities are not included in these requirements and are not reported to corporate HSE, but internally monitored.

### 3 Additional information

#### 3.1 Definitions

Definitions relating to HSE data are included in "Handling of undesirable incidents and HSE data" (WR0015) (Statoil group / All locations / On- and offshore)

#### 3.2 Changes from previous version

Vessels covered under a COA are included.

#### 3.3 References

"Handling of undesirable incidents and HSE data" (WR0015) (Statoil group / All locations / On- and offshore)





App A Categorising matrix for actual and potential undesirable incidents / accidents

Seriousness	Level	Personal injury	Gas release	Fire / explosion	Oil spill	Material damage - operational loss					
						Actual damage	Potential damage	Actual damage	Potential damage	Actual damage	Potential damage
High	1	Fatality	> 10 kg/s brief leakage > 100 kg	Substantial fire & Emergency > 5 mill NOK	Off: > 100 m <sup>3</sup> Port: > 10 m <sup>3</sup>	Major extensive structural deformation	> 5 mill NOK of value	Extensive cracks or deformations in hull	Collision w/ installation	Threats-violence > 5 mill NOK of value	
High	2	Serious lost time injury	> 1,0- 10 kg/s brief leakage > 10 kg	Substantial fire with loss > 1 mill NOK	Off > 10 m <sup>3</sup> Port > 1 m <sup>3</sup>	Major structural deformation	> 1 mill NOK of value	Major cracks or deformations in hull	Serious loss of position of control within the safety zone	> 1 mill NOK of value	
Medium	3	Other lost time injury / substitute work	> 0,1- 1 kg/s brief leakage > 1 kg	Minor fire with loss > 250 000 NOK	Off: > 1 m <sup>3</sup> Port: > 100 litre	Essential structural deformation	> 500 000 NOK of value	Cracks in hull	Serious loss of position of control in confined waters	> 500 000 NOK of value	
Low	4	Medical treatment	< 0,1 kg	Minor fire > 50 000 NOK	> 159 litre	Structural deformation	> 250 000 NOK of value	Minor cracks or deformations in hull	Loss of position / insignificant hazard	> 250 000 NOK of value	





## App B Reporting requirements of undesirable incidents / accidents for shipping contractors

To avoid repetition and to ensure transfer of experience of undesirable events involving people, the environment and/or material assets, all incidents / accidents and near misses must be notified, assessed, investigated where necessary and reported. The shipping contractor shall report all incidents and accidents to Statoil without unnecessary delay and cooperate with Statoil regarding further notification, investigation, corrective action and exchange of experience. Near misses categorised in level 1 or 2 in the attached Categorising matrix shall also be reported immediately. The initial report shall include a brief description of the event.

Investigation of undesirable incidents is a formal process intended to clarify the sequence of events, causes and consequences, and to identify effective preventive measures. The purpose is not only to prevent similar incidents in future, but also to ensure that the lessons are learnt in order to achieve a general improvement in HSE. Statoil ASA will request participation and cooperation in all investigations on level 1 or 2 accidents / incidents and near misses (undesired events) level 1. Statoil ASA may provide competent investigation team leaders or other resources if requested.

The immediate reporting shall be done to the commercial responsible unit in Statoil, as instructed in the charter party and/or voyage instruction. If, for any reason, this is not possible then Statoil's security centre should be contacted on (+47) 51990002.

The exemptions to this requirement are minor near misses not practical to report immediately. These types of near misses, not immediately reported to Statoil, shall be summarised and reported on a quarterly basis.

This regular summary of near misses, not reported to Statoil earlier, shall be sent to [shiphse@Statoil.com](mailto:shiphse@Statoil.com) and shall include the average number of crew members onboard the vessel during the last quarter. This is used by Statoil to calculate number of working hours and frequencies. According to OCIMF recommendations, the working hours will be calculated based on 24 hours exposure time onboard the vessels.

In addition, we request you to include in the quarterly report the bunker consumption and grade(s) during the last quarter for each vessel.

The summary shall be forwarded to Statoil not later than the 10. day in the month following each quarter. (10. April, 10. July, 10. October, 10. January).  
If this summary does not contain any new / additional information, a summary sheet can be used for all vessels in the operator's fleet, but the average number of crew onboard needs to be specified for each individual vessel.

Accidents and near misses **shall** be reported according to these requirements based on 24 hours service on board. Accidents or near misses occurred during working time and non-working time on board shall be reported









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Attachment 3 - Financial Responsibility in Respect of Oil and Bunker Pollution

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Classification: **Open**

Status: **Final**

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**THE COMMONWEALTH OF THE BAHAMAS**  
**THE BAHAMAS MARITIME AUTHORITY**  
**Certificate of Insurance or other Financial Security**  
**in Respect of Civil Liability for Bunker Oil Pollution Damage**

Issued in accordance with the provisions of Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.

				Certificate No. LON-003656-2010
Name of Ship	Distinctive Number or Letters	IMO Ship Identification Number	Port of Registry	Name and Full Address of the Principal Place of Business of the Registered Owner
<b>CAPTAIN MARKOS NL</b>	<b>C6VV3</b>	<b>9315680</b>	<b>Nassau</b>	<b>Cetus Transport Ltd. 80 Broad Street Monrovia Liberia</b>

THIS IS TO CERTIFY that there is in force in respect of the above-named ship a policy of insurance or other financial security satisfying the requirements of Article 7 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.

Type of Security           **CERTIFICATE OF INSURANCE**  
 Duration of Security       **from Noon GMT 20 February 2010 to Noon GMT 20 February 2011**  
 Name and Address of the Insurer(s) and / or Guarantor(s)  
 Name

**The United Kingdom Mutual Steam Ship Assurance Association  
 (Bermuda) Limited**

Address                   **Chevron House  
 11 Church Street  
 PO Box HM665  
 Hamilton HMCX  
 Bermuda**

This Certificate is valid until 20 February 2011

The present certificate is issued under the authority of the Government of the Commonwealth of The Bahamas by the Bahamas Maritime Authority.

At: LONDON On 25 January 2010

The undersigned declares to be duly authorised by the said Government to issue this Certificate

Signature: \_\_\_\_\_  
 An authorised official of the Bahamas Maritime Authority

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Attachment 4 - Exxon Blanket Declaration Drug & Alcohol Policy

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Classification: **Open**

Status: **Final**

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**APPENDIX B: DRUG AND ALCOHOL DECLARATION****Drug and Alcohol Policy****(sample)****Blanket Declaration**

To: International Marine Transportation Ltd/SeaRiver Maritime/Tonen General  
 Marine Services Section  
 Fax: +44 (0)1372 223854  
 Tel : +44 (0)1372 222000

Re: Drug and Alcohol Policy

The undersigned warrants and represents that it has a policy on Drug and Alcohol Abuse ("Policy") applicable to all vessels which the undersigned now owns and/or operates and which, after the date of this certificate, the undersigned may own and/or operate. This Policy meets or exceeds the standards in the Oil Companies International Marine Forum Guidelines for the Control of Drugs and Alcohol Onboard Ship. Under the Policy, alcohol impairment shall be defined as a blood alcohol content of 40mg/100ml or greater; the appropriate seafarers to be tested shall be all vessel officers and the drug/alcohol testing and screening shall include unannounced testing in addition to routine medical examinations. An objective of the Policy should be that the frequency of unannounced testing be adequate to act as an effective abuse deterrent, and that all officers be tested at least once a year through a combined programme of unannounced testing and routine medical examinations.

The undersigned further warrants that the Policy will remain in effect unless you are otherwise specifically notified and that the undersigned shall exercise due diligence to ensure compliance with the Policy. It is understood that an actual impairment or any test finding of impairment shall not in and of itself mean the undersigned has failed to exercise due diligence.

**Company Name**

**Person signing on behalf of Company**

**Title or Authority held by person signing**

MARINE ENVIRONMENTAL, SAFETY AND QUALITY ASSURANCE CRITERIA FOR INDUSTRY VESSELS IN  
 EXXONMOBIL AFFILIATE SERVICE: 2006 EDITION



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Attachment 5 - American Institute Trade Warranties (01/07/72)

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Classification: **Open**

Status: **Final**

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AMERICAN INSTITUTE TRADE WARRANTIES

1. Warranted no port or place on the Eastern Coast of North America, its rivers or adjacent islands
  - (a) north of 52° 10' N. Lat. and west of 50° W. Long.
  - (b) in the Gulf of St. Lawrence, its connecting waters and the St. Lawrence River, in the area bounded by lines drawn between Battle Harbour/Pistolet Bay; Cape Ray/Cape North; Port Hawkesbury/Port Mulgrave; and Baie Comeau/Matane, between December 21st and April 30th, both days inclusive.
  - (c) west of Baie Comeau, but not West of Montreal, between December 1st and April 30th, both days inclusive.
2. Warranted no Great Lakes or St. Lawrence Seaway or St. Lawrence River west of Montreal.
3. Warranted no port or place in Greenland or its adjacent waters.
4. Warranted no port or place on the Western Coast of North America, its rivers or adjacent islands, north of 54° 30' N. Lat. or west of 130° 50' W. Long.; except the port of Ketchikan, Alaska, provided,
  - (a) that a qualified pilot having knowledge of local waters be on duty while the Vessel is in waters north of 54° 30' N. Lat. and east of 132° W. Long. and
  - (b) that the Vessel be equipped with operating Gyro Compass, Radio Direction Finder, Fathometer and Radar.
5. Warranted no Baltic Sea (or adjacent waters east of 15° E. Long.);
  - (a) north of a line between Mo and Vaasa between November 15th and May 5th, both days inclusive.
  - (b) east of a line between Viipuri (Vyborg) and Narva between November 21st and May 5th, both days inclusive.
  - (c) north of a line between Stockholm and Tallinn between December 15th and April 15th, both days inclusive.
  - (d) east of 22° E. Long. and south of 59° N. Lat. between December 15th and April 15th, both days inclusive.
6. Warranted not north of 70° N. Lat. except when proceeding directly to or from any port or place in Norway or Kola Bay.
7. Warranted no Bering Sea, no East Asian waters north of 46° N. Lat. and no port or place in Siberia except Vladivostok and/or Nakhodka.
8. Warranted no Kerguelen or Croset Islands, nor waters south of 50° S. Lat., except ports or places in Patagonia, Chile and Falkland Islands, but liberty is given to enter waters south of 50° S. Lat. if proceeding to or from ports or places not excluded by this warranty.
9. Warranted not to sail with Indian Coal as cargo:—
  - (a) between March 1st and June 30th, both days inclusive.
  - (b) between July 1st and September 30th, both days inclusive, except to ports in Asia, not west of Aden nor east of or beyond Singapore.





## **GUARANTEE**

This guarantee dated [], is delivered by [], a company registered in [] [under company number (if applicable)] (hereinafter called the “**Guarantor**”), in favour of Statoil ASA, a company registered in Norway under company number NO 923 609 046 [and all its subsidiaries/or specify name of entity] (hereinafter called the “**Beneficiary**”):

In consideration of the Beneficiary having entered into or entering into transportation agreements (hereinafter called the “Transactions”) with any one or more of the following subsidiaries:

—— [company name, company address, company number, etc]  
(hereinafter called the “**Company**”):

The Guarantor agrees and undertakes in favour of the Beneficiary as follows:

### **1. ——— Guarantee**

The Guarantor unconditionally and irrevocably guarantees as principal debtor to the Beneficiary the complete performance by Company of any and all obligations under the Transactions. Guarantor shall make prompt payment upon demand for any loss, damage, liability, claims, demands, proceedings, costs and/or expenses arising from any default of the Company under the Transactions, and for any and all amounts payable by Company to Beneficiary under the Transactions (hereinafter collectively called the “**Obligations**”). If Company fails to pay any Obligation, Guarantor will pay such Obligation directly to Beneficiary upon Beneficiary’s first demand in accordance with the provision of this Guarantee. Guarantor agrees to pay all expenses, including attorney’s fees and court costs, incurred by Beneficiary to enforce its rights under this Guarantee.

### **2. ——— Term**

This is a continuing guarantee and shall remain in full force and effect until [date/or termination upon notice wording(5)] (hereinafter called the “Termination Date”) and shall be binding upon Guarantor, its successors and permitted assigns provided that the Guarantee will continue in full force and effect with regard to all Obligations arising under the Transactions prior to such Termination Date.

### **3. ——— Nature of Guarantee**

The Guaranty is one of payment and not of collection. The obligations of the Guarantor are in addition to and not in substitution for any other security, which the Beneficiary may hold in relation to any Obligation, and will not be affected the existence, validity, enforceability, perfection or extent of such security. The Guarantor hereby agrees that its obligations hereunder shall be unconditional irrespective of the impossibility or illegality of performance by the Company under the Transactions, the absence of any action to enforce the Transactions, any waiver or consent by the Beneficiary concerning any provisions of the Transactions, the rendering of any judgment against the Company or any action to enforce the same, any failure by the Beneficiary to take any steps necessary to preserve its rights to any security or collateral for the Obligations, the release of all or any portion of any collateral by the Beneficiary, or any failure by the Beneficiary to perfect or to keep perfected its security interest or lien in any portion of any collateral.

---

(5) If “termination upon notice” applies, insert the following after the word “until”, replacing [...]:  
“the tenth business day following the Beneficiary’s receipt of written notice from Guarantor of Guarantor’s intent to terminate this Guarantee”

If any payment from Company for any Obligation to Beneficiary is rescinded or must be returned for any other reason, Guarantor will remain liable for such Obligation as if such payment had not been made.

~~Guarantor has the right to assert defenses that Company may have under the Transactions, except:~~

- ~~\_\_\_\_\_ defenses arising from winding up, insolvency, bankruptcy, reorganisation, change of ownership, dissolution, liquidation, or any similar proceeding of the Company,~~
- ~~\_\_\_\_\_ illegality or invalidity of any of the Transactions or the Obligations,~~
- ~~\_\_\_\_\_ defenses that might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.~~

#### ~~4. \_\_\_\_\_ Consents~~

~~Guarantor agrees that Beneficiary and Company at any time may modify any term of any Transaction, including but not limited to, extension, renewal, compromise, composition or other payment arrangement, without impairing or affecting any of Guarantor's Obligation(s) under this Guarantee.~~

#### ~~5. \_\_\_\_\_ Waivers~~

~~Guarantor hereby waives:~~

- ~~\_\_\_\_\_ notice of acceptance of this Guarantee,~~
- ~~\_\_\_\_\_ presentment and demand for payment or performance concerning the Obligations of Guarantor, except as expressly provided for herein.~~
- ~~\_\_\_\_\_ protest and notice of default to the Guarantor or to any other party with respect to the Obligations,~~
- ~~\_\_\_\_\_ any right to require that any demand, action or proceeding be brought by Beneficiary against Company seeking enforcement against Company of the Obligations prior to any action against Guarantor under this Guarantee.~~

~~No delay of Beneficiary in the exercise of, or failure to exercise any rights under this Guarantee shall operate as a waiver of such rights, a waiver of other rights or a release of Guarantor hereunder.~~

#### ~~6. \_\_\_\_\_ Subrogation and/or counter Indemnity~~

~~The Guarantor will not exercise any rights which it may acquire by way of subrogation and/or counter indemnity until all Obligations shall have been paid in full. Subject to the foregoing, upon payment of all such Obligations, the Guarantor shall be subrogated to the rights of the Beneficiary against the Company, and the Beneficiary agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.~~

#### ~~7. \_\_\_\_\_ Assignment~~

~~Guarantor may not assign this Guarantee or any Obligation hereunder without Beneficiary's prior written consent.~~

#### ~~8. \_\_\_\_\_ Demands and Payments~~

~~If Company fails to pay any Obligations, and Beneficiary elects to exercise its rights this Guarantee, Beneficiary shall make a written demand on Guarantor. The demand shall identify the Transaction under which a demand is being made and identify the amount and the basis of the demand and shall contain a statement that Beneficiary is calling upon Guarantor under this Guarantee. A demand conforming to the foregoing shall be sufficient notice to Guarantor to pay under this Guarantee.~~

~~All payments to be made by Guarantor under such demand shall be in the currency of the Obligation, for value on the due date and without set off, counterclaim, deduction, or similar.~~

**9. ~~Notices~~**

~~Any demand, notices and communications to be given under this Guarantee by Guarantor or the Beneficiary, shall be in writing and shall be delivered personally, or commercial courier, or by certified or registered class mail or faxed to:~~

~~Guarantor: [Company name, address, attention, fax number]~~

~~Beneficiary: Statoil ASA, Forusbeen 50, N 4035 Stavanger, Norway, Att. Corporate Credit, Fax: +47 51 99 00 50~~

~~Notices sent in accordance with the provision above will be deemed received:~~

- ~~\_\_\_\_\_ on the day received if delivered personally;~~
  - ~~\_\_\_\_\_ two (2) business days after shipment if sent by commercial courier;~~
  - ~~\_\_\_\_\_ four (4) business days after mailing if sent by certified or registered class mail;~~
  - ~~\_\_\_\_\_ on the next business days if served by fax when the sender has a machine confirmation as to when and to whom the notice was sent.~~
- ~~Notices sent by fax shall be confirmed promptly after transmission in writing by certified mail.~~

**10. ~~Governing Law and Jurisdiction~~**

~~This Guarantee shall be governed by English law and, for the benefit of the Beneficiary, the courts of England shall have jurisdiction to settle any disputes arising under this Guarantee. This shall not limit the right of the Beneficiary to bring proceeding against the Guarantor in any or more other competent jurisdictions.~~

~~The Guarantor waives any right that it may have to trial by jury in respect of any action or proceedings relating to this Guarantee.~~

**11. ~~Representations and Warranties~~**

~~Guarantor hereby represents and warrants that~~

- ~~\_\_\_\_\_ it is duly organized, validly existing under the laws of [insert];~~
- ~~\_\_\_\_\_ the execution, delivery and performance by Guarantor have been duly authorised by all necessary corporate action and do not violate its by laws or similar constitutional documents;~~
- ~~\_\_\_\_\_ the Guarantee constitutes the legal valid and binding obligation of Guarantor , enforceable against it in accordance with its terms.~~

~~In witness whereof, the undersigned has executed this Guarantee as of the date first above written.~~

~~Name of Guarantor:~~

~~By(6): \_\_\_\_\_  
Name:  
Title:~~

~~\_\_\_\_\_~~

~~(6) Appropriate Power of Attorney and certificate confirming signatures to be attached.~~

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the use in this Amendment No.2 to Registration Statement No 333-194434 on Form F-1 of our report dated January 17, 2014 relating to the financial statements of Dorian LPG Ltd and relating to the combined financial statements of the Predecessor Businesses of Dorian LPG LTD appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte. Hadjipavlou, Sofianos & Cambanis S.A.  
Athens, Greece  
April 15, 2014

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Dorian LPG Ltd.  
27 Signal Road  
Stamford, CT 06902

April 15, 2014

Dear Sir/Madam:

Reference is made to the registration statement on Form F-1 (the "Registration Statement") and the prospectus (the "Prospectus") of Dorian LPG Ltd. (the "Company") relating to the proposed registration and initial public offering of the Company's securities under the Securities Act of 1933, as amended. We hereby consent to all references to our name in the Prospectus and the use of the statistical information supplied by us set forth in sections of the Prospectus entitled "Prospectus Summary", "Risk Factors", and "The LPG Shipping Industry". We further advise you that our role has been limited to the provision of such statistical data. With respect to such statistical data, we advise you that:

- (i) some information in our database is derived from estimates or subjective judgments;
- (ii) the information in the databases of other maritime data collection agencies may differ from the information in our database; and
- (iii) while we have taken reasonable care in the compilation of the statistical and graphical information and believe it to be accurate and correct, data compilation is subject to limited audit and validation procedures.

We hereby consent to the filing of this letter as an exhibit to the Registration Statement of the Company and the reference to our firm in the section of the Prospectus entitled "Experts".

Yours sincerely,

/s/ Stanislav Evtimov

Poten & Partners (UK) Ltd.

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