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FORM 10-K

DORIAN LPG LTD. - LPG

Filed: June 04, 2015 (period: March 31, 2015)

Annual report with a comprehensive overview of the company

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2015
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934



Commission file number: 001-36437

Dorian LPG Ltd.

(Exact name of registrant as specified in its charter)

Marshall Islands
(State or other jurisdiction of incorporation or organization)
27 Signal Road, Stamford, CT
(Address of principal executive offices)

66-0818228
(I.R.S. Employer Identification No.)
06902
(Zip Code)

Registrant's telephone number, including area code: (203) 674-9900

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, par value \$0.01 per share	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates, based upon the closing price of common stock as reported on The New York Stock Exchange as of September 30, 2014, was approximately \$415,899,519. (For this purpose, all outstanding shares of common stock have been considered held by non-affiliates, other than the shares beneficially owned by directors, officers and shareholders of 10% or more of the registrant outstanding common shares, without conceding that any of the excluded parties are "affiliates" of the registrant for purposes of the federal securities laws.) As of June 1, 2015, there were 58,057,493 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2015 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "Commission") pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year covered by this Form 10-K is incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including analyses and other information based on forecasts of future results and estimates of amounts not yet determinable and statements relating 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 report. These risks include the risks that are identified in "Item 1A.—Risk Factors," 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 Liquefied Petroleum Gas, or 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;
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- changes in tax laws, treaties or regulations;
- 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.

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 report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this report include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. 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. These forward-looking statements are made only as of the date of this Annual Report, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I

ITEM 1. BUSINESS

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 (hereinafter referred to as our "Initial Fleet"), as defined below, prior to their acquisition by us. We use the term "VLGC" to refer to very large gas carriers and the term "PGC" to refer to pressurized gas carriers. 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 report to "Shell," "Statoil," and "Petredec" refer to Royal Dutch Shell plc, Statoil ASA 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 report 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.

Overview

We are an international LPG shipping company incorporated in the Marshall Islands on July 1, 2013 and headquartered in the United States. We are primarily focused on owning and operating very large gas carriers, or 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 seven LPG carriers, including three 82,000 cbm VLGCs, one pressurized 5,000 cbm vessel and three new fuel-efficient 84,000 cbm ECO-design VLGCs constructed by Hyundai Heavy Industries Co., Ltd. ("HHI" or "Hyundai") and delivered in July 2014, September 2014 and January 2015. The vessels have been managed by us since July 1, 2014, when the function was brought in-house from our prior managers.

In addition, we have newbuilding contracts for the construction of 16 new fuel-efficient 84,000 cbm ECO-design VLGCs at Hyundai and Daewoo Shipping and Marine Engineering Ltd., or Daewoo, with scheduled deliveries between June 2015 and February 2016. We refer to these contracts along with the VLGCs that were delivered between July 2014 and January 2015 as our VLGC Newbuilding Program.

On May 13, 2014, we completed an initial public offering of 7,105,263 common shares on the New York Stock Exchange at a price of \$19.00 per share, or \$135.0 million in gross proceeds not including underwriting fees or offering costs of \$11.8 million. On May 22, 2014, we completed the issuance of 245,521 common shares related to the exercise of the over-allotment option by the underwriters of the Company's initial public offering at a price of \$19.00 per share, or \$4.7 million in gross proceeds not including underwriting fees or closing costs of \$0.3 million.

Our principal shareholders include Scorpio Tankers (NYSE:STNG); SeaDor Holdings, an affiliate of SEACOR Holdings, Inc. (NYSE:CKH); Kensico Capital Management and Dorian Holdings which own 16.2%, 16.1%, 13.8% and 8.0%, respectively, of our total shares outstanding as of June 1, 2015. Each is represented on our board of directors or retains the right to appoint a director.

On April 1, 2015, we established Helios LPG Pool LLC, or the Helios Pool, a pool of VLGC vessels. We believe that the operation of certain of our VLGCs in this pool will allow us to achieve better market coverage and utilization. Vessels entered into the Helios Pool are commercially managed by Dorian LPG (UK) Ltd., our wholly-owned subsidiary, and Phoenix Tankers Pte. Ltd, or Phoenix Tankers, a wholly-owned subsidiary of Mitsui OSK Lines Ltd. The members of the Helios Pool share in the revenue generated by the entire group of vessels in the pool, weighted according to certain technical vessel characteristics, and the net pool revenue is distributed as time charter hire to each participant. The vessels entered into the Helios Pool may operate either in the spot market or on time charters of two years' duration or less. The Helios Pool is currently operating seven VLGCs on the water, including three of our VLGCs: *Corsair* (eco vessel), *Captain John NP* and *Captain Nicholas ML*. We and Phoenix Tankers have agreed that the Helios Pool will have a right of first refusal to operate each VLGC of our respective fleets not employed on a time charter of more than two years' duration.

Our Fleet

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 February 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 11.0 years.

The following table sets forth certain information regarding our vessels as of June 1, 2015:

	Capacity (Cbm)	Shipyard	Sister Ships	Year Built/ Estimated Delivery(1)	ECO Vessel(2)	Charterer(3)	Charter Expiration(1)
OPERATING FLEET							
VLGC							
<i>Captain Nicholas ML</i>	82,000	Hyundai	A	2008	—	Pool	—
<i>Captain John NP</i>	82,000	Hyundai	A	2007	—	Pool	—
<i>Captain Markos NL</i> (4)	82,000	Hyundai	A	2006	—	Shell	Q4 2019
<i>Comet</i> (5)	84,000	Hyundai	B	2014	X	Shell	Q4 2019
<i>Corsair</i>	84,000	Hyundai	B	2014	X	Pool	—
<i>Corvette</i>	84,000	Hyundai	B	2015	X	Spot	—
Small Pressure							
<i>Grendon</i>	5,000	Higaki		1996	—	Spot	—
NEWBUILDING VLGCs							
<i>Cougar</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>Cobra</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>Concorde</i>	84,000	Hyundai	B	Q2 2015	X	—	—
<i>Continental</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>Constitution</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>Commodore</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>Constellation</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>Cresques</i>	84,000	Daewoo	C	Q3 2015	X	—	—
<i>Cheyenne</i>	84,000	Hyundai	B	Q3 2015	X	—	—
<i>Clermont</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>Chaparral</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>Commander</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>Cratis</i>	84,000	Daewoo	C	Q4 2015	X	—	—
<i>Copernicus</i>	84,000	Daewoo	C	Q4 2015	X	—	—
<i>Challenger</i>	84,000	Hyundai	B	Q4 2015	X	—	—
<i>Caravelle</i>	84,000	Hyundai	B	Q1 2016	X	—	—
Total	1,847,000						

(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) "Pool" indicates that the vessel is operated in the Helios Pool and receives as charter hire a portion of the net revenue of the pool calculated according to a formula based on the vessel's pro rata performance in the pool.

(4) Currently on time charter with Shell Tankers (Singapore) Private Limited that began in December 2014 at a rate of \$850,000 per month.

(5) Delivered on July 25, 2014 and on a time charter with Shell Tankers (Singapore) Private Limited that began on that date at a rate of \$945,000 per month.

The LPG Shipping Industry

International seaborne LPG transportation services are generally provided by two types of operators: LPG distributors and traders and independent shipowner fleets. Traditionally the main trading route in our industry has been the transport of LPG from the Arabian Gulf to Asia. With the emergence of the United States as a major LPG export hub, the U.S. Gulf to Asia has become an important trade lane. Vessels are generally operated under time charters, bareboat charters, spot charters, or contracts of affreightment. LPG distributors and traders use their fleets not only to transport their own LPG, but also to transport LPG for third-party charterers in direct competition with independent owners and operators in the tanker charter market. We operate in markets that are highly competitive and based primarily on supply and demand of available vessels. Generally, we compete for charters based upon charter rate, customer relationships, operating expertise, professional reputation and vessel specifications (size, age and condition). We also believe that our in-house technical and commercial management allows us to provide superior customer service and reliability which enhances our relationships with our charterers. Our industry is subject to strict environmental regulation, including emissions regulations, and we believe our modern, ECO-class fleet and our high level of crew training and vessel maintenance make us a preferred provider of VLGC tonnage.

Our Customers

Our customers historically have included global energy companies such as Statoil and Shell, commodity traders such as Itochu Corporation and the Vitol Group and importers such as E1 Corp., SK Gas Co. Ltd. and Indian Oil Corporation Ltd. 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 through the Helios Pool. Two of our vessels are currently on time charters. Our first newbuilding, the *Comet*, is on a five-year time charter to Shell that began on July 25, 2014 and the *Captain Markos NL* is currently on a five-year time charter to Shell that began on December 14, 2014.

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 April 1, 2015, there were 1,284 LPG carriers with an aggregate capacity of 22.8 million cbm. As of such date, a further 226 LPG carriers with an aggregate carrying capacity of 10.6 million cbm were on order for delivery by 2017, equivalent to 46.5% of the existing fleet in capacity terms. This exceeds its long-term average and the 32% peak seen in late 2007 and early 2008. In contrast to oil tankers and drybulk carriers, according to industry sources, 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 April 1, 2015, there were 169 vessels with an aggregate carrying capacity of 13.7 million cbm in the world fleet with 84 vessels on order for delivery by 2017. Approximately 20% of the fleet capacity in the VLGC sector is more than 20 years old.

Our largest competitors for VLGC shipping services include BW LPG Limited, Avance Gas Holding Ltd., Petredec, Astomos Energy Corporation and numerous smaller, privately held vessel owners. Competition for the transportation of LPG depends on the price, location, size, age, condition and acceptability of the vessel to the charterer. 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.

As of April 1, 2015, there were approximately 55 owners in the entire VLGC fleet, with the top ten owners possessing 49% of the total carrying capacity in service. As of April 1, 2015, we were the second largest owner by combined capacity of fleet and orderbook in the VLGC segment with 498,000 cbm in our fleet and 1,344,000 cbm on order.

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 quarters ending June 30 and September 30 and relatively weaker during our 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.

Employees

As of March 31, 2015, we employed 50 persons in our offices in the United States, Greece and the United Kingdom.

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, or the IACS. In December 2013, the IACS adopted harmonized Common Structure Rules that align with International Maritime Organization, or the IMO, goal standards. The VLGCs of our initial fleet are currently classed with Lloyd's Register, the newbuilding VLGCs are currently classed with the American Bureau of Shipping, or ABS, and the *Grendon* is currently classed with Nippon Kaiji Kyokai, all members of the IACS. All of the vessels in our fleet have been awarded International Safety Management, or 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 operating 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 parties, 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, or 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.

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 Regulation 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). The flag state, as discussed in 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 Pollution Prevention (the ISM Code) promulgated by the IMO, govern our operations. Among other requirements, the ISM Code requires shipowners, ship managers and bareboat charters to develop and maintain 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 Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk 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 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. Amendments to SOLAS Chapter VII, made mandatory in 2004, apply to vessels transporting dangerous goods and require those vessels to be in compliance with the International Maritime Dangerous Goods Code (IMDG Code). 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 carried in bulk, liquid or 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.

In 2012, the IMO's Marine Environmental Protection Committee, or MEPC, adopted a resolution amending the International Code for the Construction of Equipment of Ships Carrying Dangerous Chemicals in Bulk (IBC Code). The provisions of the IBC Code are mandatory under MARPOL and SOLAS. These amendments, which entered into force in June 2014, pertain to revised international certificates of fitness for the carriage of dangerous chemicals in bulk and identifying new products that fall under the IBC Code. In May 2014, additional amendments to the IBC Code were adopted that will become effective in January 2016. These amendments pertain to the installation of stability instruments and cargo tank purging. We may need to make certain financial expenditures to comply with these amendments.

In 2013, the MEPC adopted a resolution amending MARPOL Annex I Consolidated Assessment Scheme, or CAS. These amendments, which became effective on October 1, 2014, pertain to revising references to the inspection of bulk carriers and tankers after the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, or ESP Code, which provides for enhanced inspection programs, became mandatory. We may need to make certain financial expenditures to comply with these amendments.

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. "Deliberate emissions" are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ship's repair and maintenance. Shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (PCBs)) are also prohibited. 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 operating fleet have been issued IAPP Certificates.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The U.S. Environmental Protection Agency promulgated equivalent (and in some senses stricter) emissions standards in late 2009. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

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 was not permitted to contain more than 3.5% sulfur. This cap will then decrease progressively until it reaches 0.5% by January 1, 2020, subject to a feasibility review to be completed no later than 2018. However, in Emission Control Areas (ECAs) such as the North America ECA fuels cannot contain more than 0.1% sulfur as of 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 the International Convention for the Control and Management of Ships' Ballast Water and Sediments (or the BWM Convention) in February 2004. The BWM will not enter into force 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 tonnage. To date, there has not been sufficient adoption of this standard for it to take force, but it is close and papers were recently submitted to the IMO proposing solutions to implementation problems. Many of the implementation dates originally written into the BWM Convention have already passed, so on December 4, 2013, the IMO Assembly has passed a resolution revising the dates of applicability of the requirements of the BWM Convention so that they are triggered by the entry into force date, and not the dates originally in the BWM Convention. This in effect makes all vessels constructed before the entry into force date 'existing vessels,' and delayed the date for installation of ballast water management systems on vessels until the first renewal survey following entry into force of the convention. Upon entry into force of the BWM Convention, mid-ocean ballast exchange would become mandatory. When mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers, and the costs of ballast water treatment, may be material.

Bunkers Convention / Civil Liability Convention State Certificates

The International Convention on Civil Liability for Bunker Oil Pollution Damaged of 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, an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976 as amended (the LLMC)) 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. With respect to non-ratifying states, liability for spills or releases of bunker fuel is determined by the national or other domestic laws in the jurisdiction where the events or damage occur.

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 (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 (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 Comprehensive Environmental Response, Compensation, and Liability Act

The U.S. Oil Pollution Act of 1990 (OPA90) established an extensive regulatory and liability regime for environmental protection and cleanup 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;
- lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources;
- 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). In August 2014, the U.S. Coast Guard submitted a proposal to increase the OPA limits of liability. 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 by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a 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. In April 2015, it was announced that new regulations are expected to be imposed in the United States regarding offshore oil and gas drilling. 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 recently proposed revisions to the CWA.

The EPA and the U.S. Coast Guard, or USCG, have enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged in or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. waters.

The EPA requires a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within U.S. water under the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels (VGP). For a new vessel delivered to an owner or operator after September 19, 2009, to be covered by the VGP, the owner must submit a Notice of Intent (NOI) at least 30 days before the vessel operates in U.S. waters. On March 28, 2013, the EPA re-issued the VGP for another 5 years. This VGP took effect on December 19, 2013. The VGP focuses on authorizing discharges incidental to operations of commercial vessels and the new VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, more stringent requirements for gas scrubbers and the use of environmentally acceptable lubricants

The USCG, regulations adopted under the U.S. National Invasive Species Act (NISA), also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters which require the installation of equipment to treat ballast water before it is discharged in U.S. waters or, in the alternative, the implementation of other port facility disposal arrangements or procedures. Vessels not complying with these regulations are restricted from entering U.S. waters. The USCG must approve any technology before it is placed on a vessel but has not yet approved the technology necessary for vessels to meet the foregoing standards.

Notwithstanding the foregoing, as of January 1, 2014, vessels are technically subject to the phasing-in of these standards. As a result, the USCG has provided waivers to vessels which cannot install the as-yet unapproved technology. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers.

Compliance with the VGP could require the installation of equipment on our vessel to treat ballast water before it is discharged or the implementation of other disposal arrangements, and/or otherwise restrict our vessel from entering United States waters. In addition, certain states have enacted more stringent discharge standards as conditions to their required certification of the VGP. We submit NOIs for our vessel where required and do not believe that the costs associated with obtaining and complying with the VGP have a material impact on our operations.

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.

European Union

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 2009, the European Union amended a directive on ship-source pollution imposing criminal sanctions for intentional, reckless or seriously negligent illicit ship-source discharges of polluting substances by ships including minor discharges and the discharges, individually or in the aggregate, result in deteriorations or the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. 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 2015, the European Parliament approved EU draft rules, which will require annual CO2 emission monitoring and reporting from ship owners who use EU ports. These rules are expected to be effective in 2018 and apply to ships over 5,000gt.

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) 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 enforces both the CAA and the international standards found in Annex VI of MARPOL concerning marine diesel emissions and the sulphur content found in marine fuel. 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 USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the EPA. 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. Amendments to SOLAS Chapter VII, made mandatory in 2004, apply to vessels transporting dangerous goods and require those vessels be in compliance with the International Maritime Dangerous Goods Code, or the IMDG Code. 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 alert 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

In 1996, the International Convention on Liability and Compensation for Damages in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS) was adopted and subsequently amended by the 2010 Protocol (the 2010 HNS Convention). Our LPG vessels may also become subject to the HNS Convention, if it is entered into force. The HNS Convention creates a regime of liability and compensation for damage from HNS, including liquefied gases. The HNS Convention introduces strict liability for the shipowner and covers pollution damage as well as the risks of fire and explosion, including loss of life or personal injury and damage to property. 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 come into effect. It will come into force eighteen months after the date on which certain consent and administrative requirements are satisfied. While a majority of the necessary number of states has indicated their consent to be bound by the 2010 HNS Convention, the required minimum has not been met. 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.

Taxation

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 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 as there is no reciprocal tax treaty between the Marshall Islands and the United States.

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 report and assumes that we conduct our business as described herein.

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, including through the Helios Pool, and from the performance of services directly related to those uses, all of which we refer to as "shipping income."

Unless we qualify for 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.

We believe that we satisfy the Publicly-Traded Test, a factual determination made on an annual basis, with respect to our taxable year ending March 31, 2015 and will for all subsequent taxable years, and we will take this position for U.S. federal income tax reporting purposes. We do not currently anticipate circumstances under which we would be able to satisfy the 50% Ownership Test after our initial public 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 is "primarily traded" on the New York Stock Exchange, or the NYSE, an established securities market for these purposes.

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 our initial public offering, all our common shares are 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 believe that we satisfy the Publicly-Traded Test and will not be subject to the 5% Override Rule for taxable year ending March 31, 2015 and will continue to do so for all subsequent taxable years. 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 2014 and our taxable year 2015, we anticipate that, based on our current projections, we would not generate significant amounts 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.

Available Information

Our website is located at www.dorianlpg.com. Information on our website does not constitute a part of this annual report. Our goal is to maintain our website as a portal through which investors can easily find or navigate, free of charge, to pertinent information about us, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and our proxy statements, after we file them with the Securities and Exchange Commission, or the SEC. Additionally, these materials, including this annual report and the accompanying exhibits, may be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E. Washington, D.C. 20549, or from the SEC's website <http://www.sec.gov>.

Shareholders may also request a copy of our filings at no cost, by writing or telephoning us at the following address: Dorian LPG c/o Dorian LPG (USA) LLC, 27 Signal Road, Stamford, CT 06902, +1 (203) 674-9900.

ITEM 1A. RISK FACTORS.

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

Our operating fleet consists of seven 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 operating fleet consists of seven LPG carriers. Until the delivery of one or more of the additional vessels for which we have contracted, with scheduled deliveries between June 2015 and February 2016, or until we identify and acquire additional vessels, we will depend upon these seven 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 operating 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 may not be able to successfully secure employment for our vessels, including our 16 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 operating fleet are on time charters, which expire in 2019, and five of our vessels are operating in the spot market, including through the Helios Pool. In addition, we have not yet arranged employment for 16 newbuildings, which we expect to be delivered between the second calendar quarter of 2015 and the first calendar 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, through the Helios Pool or otherwise, or that any 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 VLGC Newbuilding Program is subject to risks, 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 at Hyundai and Daewoo, including three that have been delivered under our VLGC Newbuilding Program, for which installment payments made by us or through acquisitions as of June 1, 2015 total \$612.1 million and our remaining contractual commitments total approximately \$0.8 billion.

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 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.

We also cannot assure you that our newbuildings, when delivered, will perform in accordance with our expectations. Our newbuildings are based on innovative new ECO designs, which have only limited operational history, thus exposing us to potential uncertainties. The failure of our newbuildings to perform in accordance with expectations may result in a material adverse effect on our business.

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 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 experience of the crew with the operator and type of vessel;
- 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, contracts of affreightment, 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, a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities or 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 annual report, five of our seven operating vessels operate in the spot market, including through the Helios Pool, 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 our newbuilding vessels under construction. 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. 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.

The spot market is volatile, and, in the recent past, there have been periods when spot charter rates have declined below the operating cost of vessels and for some vessel classes are only slightly above operating costs. If future spot charter rates decline, then we may not operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or pay dividends.

Our loan agreements contain 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 bank loan agreements contain, 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.

In March 2015, we entered into a \$758 million debt financing facility (the "2015 Debt Facility") provided in four separate tranches as described in footnote 11 to our consolidated financial statements. Our loan agreements for the 2015 Debt Facility and with the Royal Bank of Scotland ("RBS"), which is secured by the *Captain Nicholas ML*, *Captain John NP*, *Captain Markos NL* and *Corsair*, or the RBS Loan Facility, require us to maintain specified financial ratios and satisfy financial covenants, including the following financial covenants, calculated on a consolidated basis, determined and defined according to the provisions of the loan agreements:

RBS Loan Facility Covenants

The ratio of cash flow from operations before interest and finance costs to cash debt service costs shall not be less than 1:1;

Minimum shareholders' equity, as adjusted for any reduction in the vessel fair market value, shall not be less than \$85 million;

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;

The ratio of Total Debt to Shareholders Funds shall not exceed 150% at all times;

The ratio of the aggregate market value of the vessels securing the loan to the principal amount outstanding under such loan, plus 100% of the related swap exposure, at all times shall be in excess of 125%; and

No dividends shall be paid in excess of free cash flow if an event of default is occurring.

2015 Debt Facility Covenants

The ratio of current assets divided by current liabilities shall always be greater than 1.00;

Maintain minimum stockholder's equity at all times equal to the aggregate of (i) \$400,000,000, (ii) 50% of any new equity raised after loan agreement date and (iii) 25% of the positive net income for the immediately preceding financial year;

Minimum interest coverage ratio of consolidated EBITDA to consolidated net interest expense must be maintained (i) greater than or equal to: 1.00 for the 12-month period starting in the calendar quarter following the one in which delivery of the first ship occurs, (ii) 1.50 in the subsequent year, (iii) 2.00 in the third year following the initial period, and (iv) 2.50 thereafter;

The ratio of consolidated net debt to consolidated total capitalization shall not exceed 0.60 to 1.00;

Minimum cash balance must be the higher of (a) the aggregate of (i) \$25 million and (ii) \$1,100,000 for every vessel delivered and financed by the 2015 Debt Facility and (b) 5% of the consolidated interest bearing debt outstanding of the Company;

Fair market value of the mortgaged ships plus any additional security shall be at least 135% of the outstanding loan balance;

No dividends shall be paid if an event of default has occurred and is continuing, or if an event of default would result therefrom, or if we are not in compliance with any financial covenants or any payment of dividends or any form of distribution or return of capital would result in not being in compliance with any of the financial covenants.

As of March 31, 2015, we are in compliance with our loan covenants.

The RBS loan agreement also requires that Dorian Holdings maintain its ownership of our common shares at a minimum level currently set at 4.9% as of June 1, 2015, 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 and value to loan covenants, 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 is incurred in other currencies, particularly the Euro, British Pound Sterling, the Japanese Yen, Norwegian Krone and the Singapore Dollar. This could lead to fluctuations in our 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 existing and future loan agreements we may enter into, and could have a material adverse effect on our business, financial condition and results of operations.

Our existing loan agreements, which are secured by liens on each of the VLGC vessels in our initial fleet as well as the delivered newbuildings in our VLGC Newbuilding Program, contain 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 adjusted 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 on 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.

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

As of March 31, 2015 we had outstanding indebtedness of \$200.3 million. We expect to incur substantial further secured indebtedness as we finance the remaining purchase price of our 16 newbuilding vessels to be delivered between June 2015 and February 2016. 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.

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 16 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 16 newbuildings currently scheduled for delivery between June 2015 and February 2016 and three VLGCs that were delivered between July 2014 and January 2015, in our VLGC Newbuilding Program. 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 brought in-house at 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 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 crew. 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 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.

We cannot provide assurance that our directors and officers will not be influenced by their interests in or affiliation with other shipping companies, or our competitors, and seek to cause us to take courses of action that might involve risks to our other shareholders or adversely affect us or our shareholders.

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.

Scorpio Tankers, SeaDor Holdings, Kensico Capital Management and Dorian Holdings continue to control a substantial ownership stake in us and their interests could conflict with the interests of our other shareholders.

As of the date of this report, Scorpio Tankers, SeaDor Holdings, Kensico Capital Management and Dorian Holdings own approximately 16.2%, 16.1%, 13.8% and 8.0% of our outstanding common shares, respectively. As a result of this substantial ownership interest and their participation on the Board of Directors or in the case of Scorpio Tankers, the right to appoint a director, they currently have the ability to influence 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 any future transaction with Scorpio Tankers, SeaDor Holdings, Kensico Capital Management or Dorian 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, SeaDor Holdings, Kensico Capital Management and Dorian 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. Moreover, the concentration of ownership may delay, deter or prevent acts that would be favored by our other shareholders or deprive shareholders of an opportunity to receive a premium for their shares as part of a sale of our business. Similarly, this concentration of share ownership may adversely affect the trading price of our shares because investors may perceive disadvantages in owning shares in a company with concentrated ownership.

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.

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 2015 taxable year. Whether we are treated as a PFIC 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 as 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 "Item 1. Taxation—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 "Item 1. Taxation—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.

We believe that we qualify, and we expect to qualify, for exemption under Section 883 for our taxable year ended March 31, 2015 and our subsequent taxable years and we intend to take this position 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 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.

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 existing credit facilities have been advanced at a floating rate based on LIBOR, which has been stable, but was volatile in prior years, and this can affect the amount of interest payable on our debt, and, 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 as we have not entered into interest rate hedging arrangements to hedge our exposure to the interest rates applicable to our 2015 Debt Facility and could be materially adversely affected at any time for any other financing arrangements we may enter into in the future. 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 related to our credit facilities. 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.

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 and increase our operating costs.

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 our vessels deployed in the spot market, but will also apply to our other vessels whose charters will be subject to renewal in the future, 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 15 newbuilding VLGCs in 2015 and one newbuilding VLGC 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. 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, Southeast Asia and 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 LPG 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, economic 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.

General economic conditions 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 economic downturn and, accordingly, continued weakness and any further 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 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.

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 agreement or under future loan agreements we may enter into.

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 agreements 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.

Our newbuildings and any other vessels we acquire may not achieve the level of fuel savings or other cost savings we anticipate or may experience initial operational difficulties, including difficulties related to their new Eco-designs or new coating.

We expect our newbuildings to incorporate many technological improvements related to their Eco-design, such as more efficient hull forms matched with more efficient propellers and decreased water resistance, which optimize speed and fuel consumption and reduce emissions. While we expect these Eco-design vessels to achieve fuel savings over non-Eco-design vessels, increasing demand for our vessels, there is no assurance they will actually achieve the level of fuel savings over non-Eco-design vessels that we anticipate. If any Eco-design vessels we acquire do not achieve the level of fuel savings and other cost reduction benefits we anticipate, competition from vessels without these technological improvements, which generally have lower charter rates, could adversely affect the amount of charterhire payments charterers will pay us and, consequently, our earnings.

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, including for our vessels employed on time charters through the Helios Pool, 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 Organization of Petroleum Exporting Countries, or 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 (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 requirements of the U.S. Coast Guard and the U.S. Environmental Protection Agency (EPA), and the U.S. Marine Transportation Security Act of 2002, and regulations of the International Maritime Organization (IMO), including the IMO International Convention for the Prevention of Pollution from Ships of 1973, as from time to time amended and generally referred to as MARPOL, including the designation of Emission Control Areas (ECAs) thereunder, the IMO International Convention on Civil Liability for Oil Pollution Damage of 1969, as from time to time amended and generally referred to as CLC, the International Convention of Civil Liability for Bunker Oil Pollution Damage, the IMO International Convention of Load Lines of 1966, as from time to time amended, and the IMO International Convention for the Safety of Life at Sea of 1974, as from time to time amended and generally referred to as SOLAS. 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, among other things, 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 loan 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. The VLGCs from our initial fleet are currently classed with Lloyd's Register, the delivered vessels from our VLGC Newbuilding Program are currently classed with ABS and the *Grendon* is currently classed with Nippon Kaiji Kyokai. We expect that our newbuildings will be classed with Lloyd's Register, ABS 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 or attaching 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. Additionally, our insurance may not be applicable or sufficient in all cases or our insurers may not remain solvent.

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, West Africa and in the Gulf of Aden off the coast of Somalia. Since 2008, the frequency of piracy incidents increased significantly, most recently off the coast of West Africa. 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, which 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, Ukraine or Black Sea region 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, Russia, 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. 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.

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the "Joint Plan of Action" ("JPOA"). Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the U.S. and EU would voluntarily suspend certain sanctions for a period of six months.

On January 20, 2014, the U.S. and E.U. indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures include, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries from January 20, 2014 until July 20, 2014. The U.S. initially extended the JPOA until November 24, 2014, and has since extended it until June 30, 2015. These regulations and U.S. sanctions may be amended over time, and the U.S. retains the authority to revoke the aforementioned relief if Iran fails to meet its commitments under the JPOA.

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.

If labor or other interruptions are not resolved in a timely manner, they could have a material adverse effect on our financial condition.

We employ masters, officers and crews to man our vessels. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest or any other interruption arising from incidents of whistleblowing whether proven or not, could prevent or hinder our operations from being carried out as we expect and could have a material adverse effect on our business, financial condition, results of operations, cash flows, and ability to pay dividends.

Risks Relating To Our Common Shares

The price of our common shares may be highly volatile.

The market price of our common shares may fluctuate significantly in response to many factors, such as actual or anticipated fluctuations in our operating results and those of other public companies in the LPG carrier or related industries, market conditions in the LPG shipping industry, changes in financial estimates by securities analysts, significant sales of our shares by us or our shareholders, 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.

Our board of directors may not declare dividends.

We have not paid any dividends since our inception in July 2013. 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 existing and 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 primarily 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 facilities, 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 VLGCs mortgaged under the RBS Loan Facility are prohibited from paying dividends to us without the consent of the lender. Please see "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" of this report 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 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.

As of the date of this report, 32,813,888 shares, or approximately 56.5% of our outstanding common shares, are held by certain of our existing shareholders and have been registered for resale under a registration statement filed with the SEC (File No. 333-200714). Furthermore, these shares 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." 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.

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 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 *Captain Nicholas ML*, *Captain John NP*, *Captain Markos NL* and *Corsair*, who are party to our 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.

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, as defined in the JOBS Act, 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." 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 is not 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 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

LPG carriers are the principal physical properties owned by us and are more fully described in "Our Fleet" in "Item 1. Business."

ITEM 3. LEGAL PROCEEDINGS.

We have not been involved in any legal proceedings that we believe may have a significant effect on our business, financial position, results of operations or liquidity, and we are not aware of any proceedings that are pending or threatened that may have a material effect on our business, financial position, results of operations or liquidity. 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.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common shares traded on the Norwegian OTC List from July 30, 2013 through November 5, 2014 under the symbol "DORIAN" and have traded on the New York Stock Exchange, or NYSE, since May 9, 2014, under the symbol "LPG." As of June 1, 2015, there were 54 holders of record of our common stock.

The following tables set forth the high and low prices for our common shares as reported on the NYSE and the Norwegian OTC List for the calendar periods listed below. On June 1, 2015, the exchange rate between the Norwegian Krone and the U.S. dollar was NOK7.9555 to one U.S. dollar based on the Bloomberg Composite Rate in effect on that date.

The following information gives effect to a one-for-five reverse stock split of our common shares effected on April 25, 2014.

	NYSE		Norwegian OTC List	
	High (US\$)	Low (US\$)	High (NOK)	Low (NOK)
For the Quarter Ended				
September 30, 2013 (from July 30, 2013, the initial listing date, through September 30, 2013)	—	—	80.00	70.00
December 31, 2013	—	—	115.00	75.00
March 31, 2014	—	—	127.50	106.25
June 30, 2014*	24.93	17.95	132.00	105.00
September 30, 2014	24.20	17.73	132.00	114.50
December 31, 2014**	18.15	9.94	114.50	75.00
March 31, 2015	14.26	10.10	—	—

* Period for the NYSE begins on May 9, 2014

** Deactivated on the Norwegian OTC List on November 5, 2014

Equity Compensation Plans

Information about the securities authorized for issuance under our compensation plan is incorporated by reference from our Proxy Statement for the 2015 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of March 31, 2015.

Dividends

We have not paid any dividends since our inception in July 2013. 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 existing and 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 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.

Use of Proceeds from Registered Securities

Our initial public offering of common stock was effected under a Registration Statement on Form F-1 (File No. 333-194434), which was declared effective by the SEC on May 7, 2014. There has been no material change in the use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) and other periodic reports previously filed with the SEC.

Recent Sales of Unregistered Securities

On April 25, 2014, we completed a private placement of 1,412,698 common shares to BH Logistics LP for net proceeds of approximately \$25.9 million.

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected historical financial and other data of Dorian LPG Ltd. and its subsidiaries as of March 31, 2015 and 2014, for the year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014 and the Predecessor Businesses' of Dorian LPG Ltd. for the fiscal years ended March 31, 2013 and 2012 and for the period April 1, 2013 to July 28, 2013. The selected historical financial data of Dorian LPG Ltd. has been derived from our audited consolidated financial statements and notes thereto and the selected historical financial data of the Predecessor has been derived from the Predecessor Businesses' audited combined financial statements, all included in "Item 8. Financial Statements and Supplementary Data," and should be read together with and are qualified in its entirety by reference to such financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The following table should also be read together with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations".

	Dorian LPG Ltd.		Predecessor Businesses of Dorian LPG Ltd.		
	Year ended March 31, 2015	Period July 1, 2013 (inception) to March 31, 2014	Period April 1, 2013 to July 28, 2013	Year ended March 31, 2013	Year ended March 31, 2012
(in U.S. dollars, except fleet data)					
Statement of Operations Data					
Revenues	\$ 104,129,149	\$ 29,633,700	\$ 15,383,116	\$ 8,661,846	\$ 34,571,042
Expenses					
Voyage expenses	22,081,856	6,670,971	3,623,872	8,751,257	2,075,698
Voyage expenses—related party	—	—	198,360	505,926	448,683
Vessel operating expenses	21,256,165	8,394,959	4,638,725	12,038,926	14,410,349
Management fees—related party	1,125,000	3,122,356	601,202	1,824,000	1,824,000
Impairment ⁽¹⁾	1,431,818	—	—	—	—
Depreciation and amortization	14,093,744	6,620,372	3,955,309	12,024,829	11,847,628
General and administrative expenses	14,145,086	433,674	28,204	157,039	80,552
Total expenses	74,133,669	25,242,332	13,045,672	35,301,977	30,686,910
Operating income	29,995,480	4,391,368	2,337,444	3,359,869	3,884,132
Other income/(expenses)					
Other income—related party	93,929	—	—	—	—
Interest and finance costs	(289,090)	(1,579,206)	(762,815)	2,568,985)	(2,415,855)
Interest income	418,597	428,201	98	598	504
(Loss)/gain on derivatives, net	(3,959,203)	(1,104,001)	2,830,205	(5,588,479)	(10,493,316)
Foreign currency (loss)/gain, net	(998,931)	697,481	(5)	(53,700)	2,215
Total other (expenses)/income, net	(4,734,698)	(1,557,525)	2,067,483	(8,210,566)	(13,356,452)
Net income/(loss)	\$ 25,260,782	\$ 2,833,843	\$ 4,404,927	\$ (4,850,697)	\$ (9,472,320)
Earnings per common share, basic and diluted	\$ 0.45	\$ 0.09	\$ —	\$ —	\$ —
Other Financial Data					
Adjusted EBITDA ⁽²⁾	\$ 47,346,202	\$ 12,137,422	\$ 6,292,846	\$ 15,331,596	\$ 15,734,479
Fleet Data					
Calendar days ⁽³⁾	1,986	984	476	1,460	1,464
Available days ⁽⁴⁾	1,925	964	476	1,447	1,421
Operating days ⁽⁵⁾	1,652	941	449	1,359	1,405
Fleet utilization ⁽⁶⁾	85.8%	97.7%	94.3%	93.9%	98.9%
Average Daily Results					
Time charter equivalent rate ⁽⁷⁾	\$ 49,665	\$ 24,402	\$ 25,748	\$ 21,637	\$ 22,809
Daily vessel operating expenses ⁽⁸⁾	\$ 10,703	\$ 8,531	\$ 9,745	\$ 8,246	\$ 9,843

(in U.S. dollars)	As of March 31, 2015	As of March 31, 2014
Balance Sheet Data		
Cash and cash equivalents	\$ 204,821,183	\$ 279,131,795
Restricted cash, current	—	30,948,702
Restricted cash, non-current	33,210,000	4,500,000
Total assets	1,099,101,270	840,245,766
Current portion of long-term debt	15,677,553	9,612,000
Long-term debt – net of current portion	184,665,874	119,106,500
Total liabilities	225,887,011	148,046,334
Total shareholders' equity	873,214,259	692,199,432

- (1) In the year ended March 31, 2015, we recorded an impairment charge of \$1.4 million for 1 owned Pressurized Gas Carrier vessel.
- (2) Adjusted EBITDA is non-U.S. GAAP financial measure and represents net income before interest and finance costs, loss/(gain) on derivatives, net, stock compensation expense, impairment 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 of derivatives, interest and finance costs, stock-based compensation expense, impairment, 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.

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/(loss) to Adjusted EBITDA (unaudited) for the periods presented:

(in U.S. dollars)	Dorian LPG Ltd.		Predecessor Businesses of Dorian LPG Ltd.		
	Year ended March 31, 2015	Period July 1, 2013 (inception) to March 31, 2014	Period April 1, 2013 to July 28, 2013	Year ended March 31, 2013	Year ended March 31, 2012
Net income/(loss)	\$ 25,260,782	\$ 2,833,843	\$ 4,404,927	\$ (4,850,697)	\$ (9,472,320)
Interest and finance costs	289,090	1,579,206	762,815	2,568,985	2,415,855
Loss/(gain) on derivatives-net	3,959,203	1,104,001	(2,830,205)	5,588,479	10,943,316
Stock-based compensation expense	2,311,565	—	—	—	—
Impairment	1,431,818	—	—	—	—
Depreciation and amortization	14,093,744	6,620,372	3,955,309	12,024,829	11,847,628
Adjusted EBITDA	47,346,202	12,137,422	6,292,846	15,331,596	15,734,479

- (3) 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.
- (4) 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.

- (5) 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. We use operating days to measure the number of days in a period that our operating vessels are on hire.
- (6) 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.
- (7) 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.
- (8) Daily vessel operating expenses are calculated by dividing vessel operating expenses by calendar days for the relevant time period.

ITEM 7. 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' consolidated and combined financial statements and related notes included elsewhere in this report. 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. 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 "Item 1A—Risk Factors" and elsewhere in this report, our actual results may differ materially from those anticipated in these forward-looking statements. Please see the section "Forward-Looking Statements" elsewhere in this report.

For the period April 1, 2013 to July 28, 2013 and for the year ended March 31, 2013, 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. As such, the results of operations for the period April 1, 2013 to July 28, 2013, for the period July 1, 2013 (inception) to March 31, 2014, and for the year ended March 31, 2015 are not comparable and have been presented separately.

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 seven LPG carriers, including three fuel-efficient 84,000 cbm VLGCs, three 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel. In addition, we have newbuilding contracts for the construction of 16 new 84,000 cbm VLGCs at Hyundai and Daewoo, with scheduled deliveries between June 2015 and February 2016.

Our principal shareholders include Scorpio Tankers (NYSE:STNG); SeaDor Holdings, an affiliate of SEACOR Holdings, Inc. (NYSE:CKH); Kensico Capital Management and Dorian Holdings which own 16.2%, 16.1% 13.8% and 8.0%, respectively, of our total shares outstanding, as of June 1, 2015. Each is represented on our board of directors or retains the right to appoint a director.

Our customers include global energy companies such as Statoil and Shell, commodity traders such as Itochu Corporation and the Vitol Group and importers such as E1 Corp., SK Gas Co. Ltd. and Indian Oil Corporation. 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. Two of our vessels are currently on time charters. Our first newbuilding, the *Comet*, is on a five-year time charter to Shell that began on July 25, 2014 and the *Captain Markos NL* is currently on a five-year time charter to Shell that began on December 14, 2014.

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 three 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 may 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 year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014, approximately 25.5% and 59.9%, respectively, 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 year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014, approximately 74.5% and 40.1%, respectively, of our revenue was generated pursuant to voyage charters.

Pooling Arrangements. As from April 1, 2015, we have also entered into pooling arrangements. Pool revenue for each vessel is determined in accordance with the profit sharing terms specified within the pool agreement. In particular, the pool manager aggregates the revenues and voyage expenses of all of the pool participants and distributes the net earnings to participants based on:

- pool points (vessel attributes such as cargo carrying capacity, fuel consumption, and construction characteristics are taken into consideration); and
- number of days the vessel participated in the pool in the period. We recognize pool revenue on a monthly basis, when the vessel has participated in a pool during the period and the amount of pool revenue for the month can be estimated reliably. We receive estimated vessel earnings based on the known number of days the vessel has participated in the pool, the contract terms, and the estimated monthly pool revenue. We receive a report from the pool which identifies the number of days the vessel participated in the pool, the total pool points for the period, the total pool revenue for the period, and the calculated share of pool revenue for the vessel. We review the report for consistency with each vessel's pool agreement and vessel management records and make any adjustments required to meet US GAAP reporting standards.

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. 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. Pursuant to transition agreements that became effective on July 1, 2014, or the Transition Agreements, we pay no further management or pre-delivery services fees to Dorian (Hellas) and we have transitioned all management functions to our wholly-owned subsidiaries Dorian LPG Management Corp., Dorian LPG (USA) LLC, and Dorian LPG (UK) Ltd. as of July 1, 2014. Subsequent to the completion of this transition, no fees for such services are paid to any related parties and no consideration is payable by us to Dorian (Hellas). In addition, pursuant to the Transition Agreements, each of Dorian (Hellas), Eagle Ocean, and Highbury transferred a certain number of employees and selected assets to our wholly-owned subsidiaries. A limited number of transferred employees from Highbury continues to supply selected services to us for a fee to Highbury. Subsequent to the Transition Agreements, Eagle Ocean continues to incur travel-related costs for certain transitioned employees as well as office-related costs. We reimbursed Eagle Ocean Transport \$0.7 million at cost for the year ended March 31, 2015.

In addition, Dorian (Hellas) provided us with pre-delivery services for each newbuilding, which included 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 were capitalized to the cost of the vessels under construction.

The management fees were charged on a monthly basis per vessel and newbuilding contract and the total fees were affected by the number of vessels in our fleet and the number of newbuilding contracts managed.

Eagle Ocean Transport Inc., or Eagle Ocean, and Highbury Shipping Services Limited, also provided commercial and strategic services to the Predecessor. Mr. John Hadjipateras, our Chairman, President and Chief Executive Officer, owns 100% of Eagle Ocean Transport, and our Vice President of Chartering, Insurance and Legal, Nigel Grey-Turner, owns 100% of Highbury Shipping Services Limited.

Management fees to related parties ceased on June 30, 2014. They were paid pursuant to management agreements entered into by each vessel owning subsidiary with Dorian (Hellas) S.A., or Dorian (Hellas). Dorian (Hellas) provided 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 per month payable one month in advance effective from July 29, 2013 through June 30, 2014. 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.

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. Beginning July 1, 2014, we ceased to incur related-party management fees as a result of the completion of the Transaction Agreements described above under "Management Fees—Related Party." In June 2014, we granted 655,000 restricted stock awards to certain of our officers and in March 2015, we granted 274,000 restricted stock awards to certain of our directors, employees and non-employee consultants (see "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters") that vest over five years. Granting of restricted stock results in an increase in expenses. Compensation expense for employees is measured at the grant date based on the estimated fair value of the awards and is recognized over the vesting period and for nonemployees is re-measured at the end of each reporting period based on the estimated fair value of the awards on that date and is recognized over the vesting period.

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.

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 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 report.

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 vessels or in their 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 a 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 vessels or in their 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 a 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. In addition, we compare independent appraisals to our carrying value for indicators of impairment. 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.

An independent appraisal of our PGC vessel indicated impairment. We determined estimated net operating cash flows for our PGC vessel by applying various assumptions regarding future revenues net of commissions, operating expenses, scheduled drydockings, management fees, expected offhire and scrap values. These assumptions were based on historical trends as well as future expectations. Specifically, in estimating future charter rates, we took into consideration existing spot market rates currently in effect and estimated spot market rates for this vessel class over the estimated remaining lives of the vessel. The estimated spot market rates used are 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 spot market, or less if the remaining useful life of the vessel is less than 10 years, based on average rates published by maritime researchers. Management believes the use of estimates based on the 6-year historical average rates calculated as of the reporting date is reasonable for our PGC vessel as the vessel has a remaining useful life of 6 years. Estimated outflows for operating expenses and drydocking expenses were based on historical and budgeted costs and were adjusted for assumed inflation. Utilization was 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 were 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 fair 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 fair market value of our vessels or prices that we could achieve if we were to sell them.

For the year ended March 31, 2015, we recognized an impairment loss of \$1.4 million for our PGC vessel to its fair value of \$4.0 million, which resulted from the prolonged market weaknesses continuing into the fourth fiscal quarter in the year ended March 31, 2015, in the market for shipping petrochemical gases, an important trade for PGC vessels. Sales of similarly aged PGC vessels reflected the market weaknesses and the impending newbuilding PGC vessels entering the global fleet.

We are not aware of any indicators of impairment, other than the impairment taken on the PGC vessel, 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 March 31, 2015 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/ Delivery	Purchase Price/ Original Cost	Carrying value at March 31, 2015 ⁽¹⁾	Carrying value at March 31, 2014 ⁽¹⁾
<i>Captain Nicholas ML</i>	82,000	2008	7/29/2013	68,156,079	63,092,093	66,123,231
<i>Captain John NP</i>	82,000	2007	7/29/2013	65,187,174	60,030,417	63,117,421
<i>Captain Markos NL</i>	82,000	2006	7/29/2013	61,421,882	56,508,422	59,448,443
<i>Comet</i>	84,000	2014	7/25/2014	75,276,432	73,433,095	—
<i>Corsair</i>	84,000	2014	9/26/2014	80,906,292	79,416,243	—
<i>Corvette</i>	84,000	2015	1/2/2015	84,232,810	83,495,783	—
<i>Grendon⁽²⁾</i>	5,000	1996	7/29/2013	6,625,000	4,000,000	6,145,771
	503,000			441,805,669	419,976,053	194,834,866

- (1) Our vessels are stated at carrying values (refer to our accounting policy in Note 2 to our financial statements).
- (2) During the year ended March 31, 2015, an impairment loss was taken on the *Grendon* of \$1.4 million and the carrying value was written down to \$4.0 million.

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, lubeoil 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 rate 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 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.

Results of Operations —Dorian LPG Ltd.

For the year ended March 31, 2015

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. We do not believe that the results of operations of the Company for the year ended March 31, 2015 and for the period July 1, 2013 through March 31, 2014 are comparable.

Revenues

Revenues of \$104.1 million for the year ended March 31, 2015 represent time charter and voyage charters earned for our six VLGC vessels and our pressurized 5,000 cbm vessel. Four of our VLGCs operated in the spot market during the period and earned \$76.1 million in voyage charter revenues. Three of our VLGCs earned time charter revenues during the period amounting to \$25.5 million, including a VLGC that ended its time charter on July 27, 2014. Time charter revenues included \$7.8 million of profit sharing. For the year ended March 31, 2015, the *Grendon*, whose time charter expired at the end of May 2014, earned \$1.8 million of revenues, had 140 operating days and was in drydock for 10 days.

Voyage Expenses

Voyage expenses were approximately \$22.1 million during the year ended March 31, 2015. Voyage expenses mainly related to bunkers of \$15.7 million, port charges and other related expenses of \$3.6 million, brokers' commissions of \$1.7 million, security costs of \$0.7 million and other voyage expenses of \$0.4 million.

Vessel Operating Expenses

Vessel operating expenses were approximately \$21.3 million during the year ended March 31, 2015, or \$10,703 per vessel per calendar day, which is calculated by dividing vessel operating expenses by calendar days for the relevant time period. This included approximately \$2.9 million relating to training of additional crew on our operating VLGC fleet in anticipation of newbuilding deliveries. The *Grendon*, which ended its time charter at the end of May 2014, had 140 operating days and was in drydock for 10 days for the year ended March 31, 2015. The *Grendon* had \$2.8 million of vessel operating expenses, inclusive of \$0.5 million of expenses related to repairs and maintenance, for the year ended March 31, 2015.

Management Fees—Related Party

Beginning July 1, 2014, we ceased to incur these related-party management fees as a result of the completion of the Transition Agreements described above in "Important Financial and Operational Terms and Concepts—Management Fees—Related Party." Management fees expensed for the year ended March 31, 2015 represent fees charged by Dorian (Hellas) amounting to approximately \$1.1 million in accordance with our management agreements entered into with Dorian (Hellas). The management fees were charged on a monthly basis per vessel and the total fees were affected by the number of vessels in our fleet.

Impairment

In the year ended March 31, 2015, we recognized an impairment loss of \$1.4 million for our owned PGC vessel. This impairment loss was triggered by reductions in vessel values reflecting challenging conditions in the PGC market, and represented the difference between the carrying value and recoverable amount, being fair value.

Depreciation and Amortization

Depreciation and amortization was approximately \$14.1 million for the year ended March 31, 2015 and mainly relates to depreciation expense for our operating vessels.

General and Administrative Expenses

General and administrative expenses were approximately \$14.1 million for the year ended March 31, 2015, which were comprised of \$6.4 million of salaries and benefits (inclusive of a \$0.4 million accrual for statutory retirement benefits for our Greece-based employees), \$2.4 million for professional, legal, audit and accounting fees, \$2.3 million of stock-based compensation and \$3.0 million of other general and administrative expenses. Prior to July 1, 2014, general and administrative expenses were primarily covered under our management agreement with Dorian (Hellas), which terminated on June 30, 2014. Expenses not covered under the management agreement included, among others, stock-based compensation, audit and accounting fees, professional and legal fees and investor relations. As of July 1, 2014, vessel management services for our fleet was transferred from Dorian (Hellas) and are now provided through our wholly owned subsidiaries.

Interest and Finance Costs

Interest and finance costs amounted to approximately \$0.3 million for the year ended March 31, 2015. The interest and finance costs consisted of interest incurred on our long-term debt of \$2.7 million, amortization of financing costs of \$0.8 million, and \$0.3 million of other financing expenses, less capitalized interest of \$3.5 million. The average indebtedness during the year ended March 31, 2015 was \$125.9 million and the outstanding balance of our long-term debt as of March 31, 2015 was \$200.3 million, which included \$81.2 million under the 2015 Debt Facility.

Interest Income

Interest income amounted to approximately \$0.4 million for the year ended March 31, 2015 derived from short term bank deposits.

Loss on Derivatives, net

Loss on derivatives, net, amounted to a net loss of approximately \$4.0 million for year ended March 31, 2015. The net loss on derivatives was primarily comprised of a realized loss of \$5.3 million, partially offset by an unrealized gain of \$1.3 million from the changes in the fair value of our interest rate swaps.

Foreign Currency Gain/(loss), net

Foreign currency gain/(loss), net amounted to a net loss of approximately \$1.0 million for the year ended March 31, 2015, and comprised mainly of unrealized losses from cash held in Norwegian Krone.

For the period from July 1, 2013 (inception) to March 31, 2014

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 March 31, 2014 include the operations of our initial fleet, comprising four vessels from the date we acquired them on July 29, 2013.

Revenues

Revenues of \$29.6 million for the period July 1, 2013 to March 31, 2014 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 \$17.8 million, of which \$6.1 million represented profit sharing, and revenues from voyage charter for one VLGC vessel amounted to \$11.8 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 \$6.7 million during the period July 1, 2013 to March 31, 2014. Voyage expenses mainly related to bunkers of \$5.3 million, port charges of \$0.6 million, brokers' commissions of \$0.4 million, security costs of \$0.3 million, and other voyage expenses of \$0.1 million.

Vessel Operating Expenses

Vessel operating expenses were approximately \$8.4 million during the period July 1, 2013 to March 31, 2014, or \$8,531 per vessel per calendar day.

Management Fees—related party

Management fees expensed for the period July 1, 2013 to March 31, 2014 represent fees charged by Dorian (Hellas) amounting to approximately \$3.0 million representing \$93,750 per vessel per month and \$0.1 million for Management fees relating to pre-delivery services, both in accordance with our management agreements entered into with Dorian (Hellas). The management fees were charged on a monthly basis per vessel and the total fees were affected by the number of vessels in our fleet.

Depreciation and Amortization

Depreciation and amortization was approximately \$6.6 million for the period July 1, 2013 to March 31, 2014 and mainly relates to depreciation expense for our initial fleet from the date of acquisition, July 29, 2013.

Interest and Finance Costs

Interest and finance costs amounted to approximately \$1.6 million for the period July 1, 2013 to March 31, 2014. The interest and finance costs consisted of interest incurred on our long-term debt of \$1.7 million, amortization of financing costs of \$0.8 million and \$0.1 million of other financing costs less capitalized interest of \$1.0 million. The average indebtedness during the period was \$132.6 million and the outstanding balance of our long-term debt as of March 31, 2014, was \$128.7 million.

Interest Income

Interest income amounted to approximately \$0.4 million for the period July 1, 2013 to March 31, 2014 derived from short term bank deposits.

Loss on Derivatives, net

Loss on derivatives, net, amounted to a net loss of approximately \$1.1 million for the period July 1, 2013 to March 31, 2014. The net loss on derivatives comprised of a realized loss of \$3.7 million, partially offset by an unrealized gain of \$2.6 million from the changes in the fair value of the interest rate swaps.

Foreign currency gain

Foreign currency gain amounted to approximately \$0.7 million for the period July 1, 2013 to March 31, 2014, and were comprised mainly of realized gains of \$1.9 million from payments in U.S. dollars received in advance of the closing of the November 26, 2013 equity private placement transactions priced in Norwegian Krone and converted to U.S. dollars, partially offset by realized losses of \$1.2 million from payments in U.S. dollars received in advance of the closing of the February 12, 2014 equity private placement transactions priced in Norwegian Krone and converted to U.S. dollars.

Results of Operations—Predecessor Businesses of Dorian LPG Ltd.

Also included in this report are the combined results of operations of the Predecessor Businesses of Dorian LPG Ltd that owned and operated three VLGC vessels and one Pressurized Gas Carrier, or PGC, vessel (*Captain Nicholas ML, Captain John NP, Captain Markos NL and Grendon*, respectively) prior to the sale of the vessels to us, for the periods from April 1, 2013 to July 28, 2013 and results for the year ended March 31, 2013.

For the 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, 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.

Management Fees—related party

Management fees charged by Dorian (Hellas) 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 were 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 primarily relating to the interest incurred on long-term debt.

Gain/(loss) on Derivatives, net

Gain/(loss) on derivatives, net, amounted to a net gain of approximately \$2.8 million for the period April 1, 2013 to July 28, 2013. The gain on derivatives comprised 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.

For the year ended March 31, 2013

Revenues

Revenues of \$38.7 million for the year ended March 31, 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 \$24.2 million, of which \$5.2 million represented profit sharing. Revenues from voyage charter for one VLGC vessel amounted to \$14.5 million for year ended March 31, 2013.

Voyage Expenses

Voyage expenses were approximately \$9.3 million for the year ended March 31, 2013. Voyage expenses were comprised mainly of bunkers of \$6.7 million, charter hire commissions of \$1.0 million, port charges and other related expenses of \$0.8 million, security costs of \$0.6 million, and other voyage expenses of \$0.2 million.

Vessel Operating Expenses

Vessel operating expenses were approximately \$12.0 million for the year ended March 31, 2013, or \$8,246 per calendar day.

Management Fees—related party

Management fees charged by Dorian (Hellas) for the year ended March 31, 2013 were approximately \$1.8 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 year ended March 31, 2013 was \$12.0 million, which comprised of depreciation of \$11.7 million and amortization of deferred charges from drydock and special survey costs of approximately \$0.3 million.

Interest and Finance Costs

Interest and finance costs amounted to approximately \$2.6 million for the year ended March 31, 2013 primarily relating to the interest incurred on long-term debt.

Gain/(loss) on derivatives, net

Gain/(loss) on derivatives, net, amounted to a net loss of approximately \$5.6 million for the year ended March 31, 2013. The loss on derivatives was comprised of a realized loss of \$5.6 million for the year ended March 31, 2013.

Liquidity and Capital Resources

Our business is capital intensive, and our future success depends on our ability to maintain a high-quality fleet and the delivery of the vessels under the VLGC Newbuilding Program. As of March 31, 2015, we had cash and cash equivalents of \$204.8 million and restricted cash of \$33.2 million.

Our primary sources of capital during the year ended March 31, 2015 were the net proceeds from our IPO in May 2014, the overallotment exercise by the underwriters of our IPO in May 2014, a private placement of our common stock in April 2014, cash generated from operations and long-term debt borrowings. We used a portion of the proceeds of the equity offerings to make progress payments for our VLGCs under construction and for working capital purposes. As of March 31, 2015, we had total outstanding indebtedness of \$200.3 million including \$119.1 remaining outstanding that was assumed from our Predecessor as part of the acquisition of our VLGC vessels and \$81.2 million from our 2015 Debt Facility. Within the next twelve months, \$15.7 million of our long-term debt is scheduled to be repaid.

In addition to operating expenses and financing costs, our medium-term and long-term liquidity needs primarily relate to contractual commitments to build 16 VLGCs at shipyards, with delivery dates between June 2015 and February 2016.

We expect to finance the remaining payments amounting to \$0.8 billion as of June 1, 2015 for the sixteen VLGCs to be delivered between June 2015 and February 2016 from available cash on hand and borrowings under the 2015 Debt Facility.

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 facilities, 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 the RBS Loan Facility, as described in Note 11 to our consolidated financial statements, are prohibited from paying dividends without the consent of the lender.

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 expect to finance the purchase price of any additional future acquisitions and our operations either through internally generated funds, debt financings, the issuance of additional equity securities or a combination of these forms of financing. We anticipate that our primary sources of funds for our long term liquidity needs will be from cash from operations and/or debt or equity financings.

Cash Flows

The following table summarizes our cash and cash equivalents provided by (used in) operating, financing and investing activities for the year ended March 31, 2015:

Net cash provided by operating activities	\$ 25,623,220
Net cash used in investing activities	(312,326,844)
Net cash provided by financing activities	213,694,591
Net decrease in cash and cash equivalents	\$ (74,310,612)

The following table summarizes our cash and cash equivalents provided by (used in) operating, financing and investing activities for the period July 1, 2013 (inception) to March 31, 2014:

Net cash provided by operating activities	\$ 7,236,422
Net cash used in investing activities	(221,434,724)
Net cash provided by financing activities	493,322,093
Net increase in cash and cash equivalents	\$ 279,131,795

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

	Predecessor	
	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Net cash provided by operating activities	\$ 4,670,470	\$ 8,255,783
Net cash used in investing activities	(90,492)	(469,929)
Net cash used in financing activities	(5,606,000)	(8,784,500)
Net decrease in cash and cash equivalents	(1,026,022)	(998,646)

Operating Cash Flows. Net cash provided by operating activities for the year ended March 31, 2015 amounted to \$25.6 million, and is driven by our operating profits partially offset by movements in working capital. Both of these components were impacted by our growth during 2015. Operating cash inflows, before changes in working capital were \$44.4 million.

Net cash provided by operating activities for the period July 1, 2013 to March 31, 2014 amounted to \$7.2 million, primarily as a result of our operating profits, net of non-cash adjustments to net income, which were offset partially by payments for drydocking costs of \$0.4 million.

Predecessor: Net cash provided by operating activities amounted to \$4.7 million and \$8.3 million for the period April 1, 2013 to July 28, 2013 and the year ended March 31, 2013, respectively, as a result of favorable movements in working capital.

Net cash flow from operating activities depends upon our overall profitability, 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 \$312.3 million for the year ended March 31, 2015, comprised mainly of \$314.2 million of scheduled payments to the shipyards, supervision costs, management fees, and other capitalized costs related to the newbuildings, partially offset by a \$2.2 million decrease in restricted cash.

Net cash used in investing activities of \$221.4 million for the period July 1, 2013 to March 31, 2014 comprised mainly of a net increase in restricted cash of \$35.4 million, which was comprised of an increase of \$71.0 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 \$172.2 million.

Predecessor: Net cash used in investing activities was \$0.1 million and \$0.5 million for the period from April 1, 2013 to July 28, 2013 and the year ended March 31 2013, respectively, as a result of payments for vessel improvements.

Financing Cash Flows. Net cash provided by financing activities was \$213.7 million for the year ended March 31, 2015 and consisted of cash proceeds from our initial public offering, the overallotment exercise by the underwriters of our initial public offering, and a private placement of our common stock, totaling \$155.8 million, and \$80.1 million in cash proceeds from borrowings related to our 2015 Debt Facility offset partially by debt financing costs of \$11.2 million, repayments of long term debt of \$9.6 million and payment of equity issuance costs of \$1.4 million.

Net cash provided by financing activities was \$493.3 million for the period July 1, 2013 to March 31, 2014 and consisted of cash proceeds from three private placements of common shares totaling \$510.5 million, offset partially by repayments of long term debt of \$6.5 million, payment of financing costs of \$1.5 million and payments relating to equity issuance costs of \$9.2 million.

Predecessor: Net cash used in financing activities amounted to \$5.6 million and \$8.8 million for the period April 1, 2013 to July 28, 2013 and the year ended March 31 2013, 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.

We entered into contracts for the construction of nineteen newbuilding vessels, three of which were delivered in the year ended March 31, 2015, in our VLGC Newbuilding Program. As of June 1, 2015, our remaining contractual commitments total approximately \$825.9 million.

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 *Grendon* incurred 10 days off hire in drydocking for the year ended March 31, 2015. Drydocking costs of \$0.5 million were paid during the year ended March 31, 2015.

As our vessels age and our fleet expands, our drydocking expenses will increase. We estimate the current cost of a VLGC special survey to be approximately \$1,000,000 and the cost of an intermediate survey to be approximately \$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 "Risks Relating to Our Company—We may incur substantial costs for the drydocking or replacement of our vessels as they age" in Item 1A. Risk Factors.

Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2015:

	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	\$ 200,343,427	\$ 15,677,553	\$ 31,355,106	\$ 73,054,106	\$ 80,256,662
Interest payments ⁽¹⁾	43,284,241	9,451,371	17,641,449	10,709,410	5,482,011
Remaining payments on vessels under construction ⁽²⁾	871,414,765	871,414,765	—	—	—
Remaining payments on office leases ⁽³⁾	1,124,010	376,620	607,020	140,370	—
Total	\$ 1,116,166,443	\$ 896,920,309	\$ 49,603,575	\$ 83,903,886	\$ 85,738,673

- (1) Our interest commitment on our RBS Loan Facility is calculated based on an as assumed LIBOR rate of 0.403% (the six-month LIBOR rate as of March 31, 2015), plus the applicable margin for the respective period as per the loan agreement and the estimated net settlement of our interest rate swaps. Our interest commitment on our 2015 Debt Facility is calculated based on an as assumed LIBOR rate of 0.274% (the three-month LIBOR rate as of March 31, 2015), plus the applicable margin for the respective period as per the loan agreement.
- (2) Includes \$14.8 million of commitments for additional features not included in the contract price of the vessels and \$4.2 million of supervision fees.
- (3) Our United Kingdom and Greece office lease payments were translated into U.S. Dollars using foreign currency equivalent rates of British Pound Sterling 1.479 and Euro 1.076, respectively, as of March 31, 2015.

Off-Balance Sheet Arrangements

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

Description of Our Debt Obligations

See Note 11 to our consolidated financial statements for a description of our debt obligations.

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

Refer to Note 2 of our consolidated financial statements included in this report.

ITEM 7A. 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 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. We have entered into interest rate swap agreements to economically hedge our exposure to fluctuations of interest rate risk associated with our RBS secured bank debt. For the year ended March 31, 2015 and for the period ended March 31, 2014, we economically hedged approximately 99% of our RBS secured bank debt to changes in interest rates and hence we were not materially exposed to interest rate risk on the RBS secured bank debt. We have not hedged the 2015 Debt Facility as of March 31, 2015 and thus increasing interest rates could adverse impact on future earnings. For the 12 months following March 31, 2015 and March 31, 2014, a hypothetical increase or decrease of 20 basis points in the underlying LIBOR rates would result in an increase or decrease of our interest expense on our non-hedged interest bearing debt by less than \$0.1 million assuming all other variables are held constant. See Notes 11 and 20 to our consolidated financial statements for a description of our debt obligations and interest rate swaps, respectively.

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, Norwegian Krone, British Pound Sterling, 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 year ended March 31, 2015 and for the period ended March 31, 2014, 16% and 11%, respectively, of our expenses, (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. 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 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."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial information required by this Item is set forth on pages F-1 to F-37 and is filed as part of this annual report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our management concluded that our disclosure controls and procedures were effective as of March 31, 2015.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as defined in the Rule 13a-15(f) of the Exchange Act. Our management conducted an evaluation of our the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with US GAAP, and that our receipts and expenditures are being made in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of the inherent limitations of internal controls over financial reporting, misstatements may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on the evaluation, management concluded that our internal control over financial reporting is effective as of March 31, 2015.

In accordance with the Jumpstart Our Businesses Startups Act of 2012, as an emerging growth company, we are exempt from the requirement to obtain an attestation report from our independent registered public accounting firm on the assessment of our internal controls pursuant to the Sarbanes-Oxley Act of 2002.

Changes in Internal Control over Financial Reporting

Our management with the participation of our principal executive officer and principal financial officer or persons performing similar functions has determined that no change in our internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Exchange Act) occurred during the fourth fiscal quarter of our fiscal year ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitation on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

ITEM 9B. OTHER INFORMATION.

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2015 Annual Meeting of Stockholders within 120 days of March 31, 2015.

ITEM 11. EXECUTIVE COMPENSATION.

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2015 Annual Meeting of Stockholders within 120 days of March 31, 2015.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2015 Annual Meeting of Stockholders within 120 days of March 31, 2015.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2015 Annual Meeting of Stockholders within 120 days of March 31, 2015.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The required information is incorporated by reference from our Proxy Statement to be filed with respect to our 2015 Annual Meeting of Stockholders within 120 days of March 31, 2015.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

1. Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of March 31, 2015 and 2014

Consolidated Statement of Operations for the year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014

Consolidated Statement of Shareholders' Equity for the year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014

Consolidated Statement of Cash Flows for the year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014

Notes to Consolidated Financial Statements

Predecessor Report of Independent Registered Public Accounting Firm

Predecessor Combined Statements of Operations for the period April 1, 2013 to July 28, 2013 and for the year ended March 31, 2013

Predecessor Combined Statements of Owners' Equity for the period April 1, 2013 to July 28, 2013 and for the year ended March 31, 2013

Predecessor Combined Statements of Cash Flows for the period April 1, 2013 to July 28, 2013, and for the year ended March 31, 2013

Notes to Predecessor Combined Financial Statements

2. Financial Statement Schedules

All schedules have been omitted because they are not applicable, not required or the information is included elsewhere in the Financial Statements or Notes thereto.

3. Exhibits

See accompanying Exhibit Index included after the signature page of this Report for a list of exhibits filed or furnished with or incorporated by reference in this annual report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 3, 2015

Dorian LPG Ltd.
(Registrant)

/s/ John Hadjipateras
John Hadjipateras
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ John Hadjipateras</u> John Hadjipateras	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
<u>/s/ Theodore B. Young</u> Theodore B. Young	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ John C. Lycouris</u> John C. Lycouris	Director
<u>/s/ Thomas J. Coleman</u> Thomas J. Coleman	Director
<u>/s/ Charles Fabrikant</u> Charles Fabrikant	Director
<u>/s/ Ted Kalborg</u> Ted Kalborg	Director
<u>/s/ Øivind Lorentzen</u> Øivind Lorentzen	Director
<u>/s/ Malcolm McAvity</u> Malcolm McAvity	Director
<u>/s/ David G. Savett</u> David G. Savett	Director
<u>/s/ Christina Tan</u> Christina Tan	Director

EXHIBIT INDEX

Exhibit Number

Description

- | | |
|-------|--|
| 3.1 | Articles of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-1 (Registration Number 333-194434) |
| 3.2 | Bylaws, incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 3.3 | Amendment to Articles of Incorporation, incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 4.1 | Form of Common Share Certificate, incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.1 | Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.2 | Shareholders Agreement Dorian LPG Ltd., Scorpio Tankers Inc., SeaDor Holdings LLC and Dorian Holdings LLC, incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| †10.3 | Purchase Agreement between Dorian LPG Ltd. and Scorpio Tankers Inc., dated November 26, 2013, incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.4 | Management Agreement, dated July 26, 2013, between CMNL LPG Transport LLC and Dorian (Hellas), SA, incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.5 | Management Agreement, dated July 26, 2013, between CJNP LPG Transport LLC and Dorian (Hellas), SA, incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.6 | Management Agreement, dated July 26, 2013, between CNML LPG Transport LLC and Dorian (Hellas), SA, incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.7 | Management Agreement, dated July 26, 2013, between Grendon Tanker LLC and Dorian (Hellas), SA, incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |
| 10.8 | Option and Assignment Agreement among Dorian LPG Ltd., Dorian Holdings, Dorian (Hellas) and Seacor Gas Transport Corporation, dated July 29, 2013, incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434) |

- 10.9 Contribution and Release Agreement between Dorian LPG Ltd. and, Dorian (Hellas), SA and SeaDor Holdings LLC, dated July 29, 2013, incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 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, incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.11 Contribution and Conveyance Agreement, dated July 29, 2013, between Dorian LPG Ltd. and Dorian Holdings LLC, incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.12 Charter Party Agreement with Petredec Limited with respect to *Grendon*, dated May 27, 2011, as amended, incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.13 Charter Party Agreement with Statoil ASA with respect to *Captain Markos NL*, dated October 20, 2010, incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.14 Charter Party Agreement with Statoil ASA with respect to *Captain Nicholas ML*, dated April 7, 2008, incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.15 Transition Agreement, dated July 29, 2013, as amended, by and between Dorian LPG (USA) LLC and Eagle Ocean Transport Inc., incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.16 Transition Agreement, dated July 29, 2013, as amended, by and between Dorian LPG (USA) LLC. and Highbury Shipping Services Ltd., incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.17 Transition Agreement, dated July 29, 2013, as amended, by and between Dorian LPG Management Corp. and Dorian (Hellas) S.A., incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.18 Newbuilding Services Agreement, dated July 26, 2013, by and between Dorian LPG Ltd. and Dorian (Hellas) S.A., incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.19 Supplemental Letter to \$135.2 million Term Loan Facility, dated October 18, 2013, incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.20 Form of Registration Rights Agreement by and between Dorian LPG Ltd. and Kensico Capital Management Corporation, incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form F-1 (Registration Number 333- 194434)
- 10.21 Form of Vessel Management Agreement with Dorian LPG Management Corp. (Captain Markos NL), incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 20-F filed with the SEC on July 30, 2014
- 10.22 Form of General Agency Agreement with Dorian LPG Management Corp. (Captain Markos NL), incorporated by reference to Exhibit 4.22 to the Company's Annual Report on Form 20-F filed with the SEC on July 30, 2014

10.23	Newbuilding Service Agreement between Dorian LPG Ltd. and Dorian LPG (USA) LLC, incorporated by reference to Exhibit 4.23 to the Company's Annual Report on Form 20-F filed with the SEC on July 30, 2014
10.24	Administrative, Advisory and Support Services Agreement between Dorian LPG Ltd. and Dorian LPG (USA) LLC, incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 20-F filed with the SEC on July 30, 2014
10.25	Facility Agreement dated March 23, 2015, by and among Dorian LPG Finance LLC, as Borrower, Dorian LPG Ltd., as Facility Guarantor, certain wholly-owned subsidiaries of Dorian LPG Ltd. and the lenders party thereto
21.1	List of Subsidiaries
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Schema Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Schema Label Linkbase
101.PRE*	XBRL Taxonomy Extension Schema Presentation Linkbase

† Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been submitted separately with the Securities and Exchange Commission.

* Pursuant to Rule 406T of Regulation S-T, those interactive data files are deemed not filed or part of a registration statement or prospectus for purpose of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under such sections.

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DORIAN LPG LTD.

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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 consolidated balance sheet of Dorian LPG Ltd. and subsidiaries (the "Company") as of March 31, 2015 and 2014, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 financial statements are 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 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 audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Dorian LPG Ltd. and subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for the year ended March 31, 2015 and for the period July 1, 2013 (inception) to March 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Hadjipavlou, Sofianos & Cambanis S.A.
Athens, Greece
June 3, 2015

Dorian LPG Ltd.
Consolidated Balance Sheets
(Expressed in United States Dollars)

	March 31, 2015	March 31, 2014
Assets		
Current assets		
Cash and cash equivalents	204,821,183	279,131,795
Restricted cash	—	30,948,702
Trade receivables, net and accrued revenues	22,847,224	1,966,746
Prepaid expenses and other receivables	1,780,548	343,047
Due from related parties	386,743	1,639,497
Inventories	3,375,759	1,058,329
Total current assets	233,211,457	315,088,116
Fixed assets		
Vessels, net	419,976,053	194,834,866
Vessels under construction	398,175,504	323,206,206
Other fixed assets, net	464,889	60,904
Total fixed assets	818,616,446	518,101,976
Other non-current assets		
Other non-current assets	97,446	—
Deferred charges, net	13,965,921	2,555,674
Restricted cash	33,210,000	4,500,000
Total assets	1,099,101,270	840,245,766
Liabilities and shareholders' equity		
Current liabilities		
Trade accounts payable	5,224,349	2,401,456
Accrued expenses	5,647,702	2,196,386
Due to related parties	525,170	113,465
Deferred income	1,122,239	554,111
Current portion of long-term debt	15,677,553	9,612,000
Total current liabilities	28,197,013	14,877,418
Long-term liabilities		
Long-term debt—net of current portion	184,665,874	119,106,500
Derivative instruments	12,730,462	14,062,416
Other long-term liabilities	293,662	—
Total long-term liabilities	197,689,998	133,168,916
Total liabilities	225,887,011	148,046,334
Shareholders' equity		
Preferred stock, \$.01 par value, 50,000,000 shares authorized, none issued nor outstanding	—	—
Common stock, \$.01 par value, 450,000,000 shares authorized, 58,057,493, and 48,365,011 shares issued and outstanding as of March 31, 2015 and March 31, 2014, respectively	580,575	483,650
Additional paid-in-capital	844,539,059	688,881,939
Retained earnings	28,094,625	2,833,843
Total shareholders' equity	873,214,259	692,199,432
Total liabilities and shareholders' equity	1,099,101,270	840,245,766

The accompanying notes are an integral part of these consolidated financial statements.

Dorian LPG Ltd.
Consolidated Statements of Operations
(Expressed in United States Dollars, except for share data)

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Revenues	\$ 104,129,149	\$ 29,633,700
Expenses		
Voyage expenses	22,081,856	6,670,971
Vessel operating expenses	21,256,165	8,394,959
Management fees—related party	1,125,000	3,122,356
Impairment	1,431,818	—
Depreciation and amortization	14,093,744	6,620,372
General and administrative expenses	14,145,086	433,674
Total expenses	74,133,669	25,242,332
Operating income	29,995,480	4,391,368
Other income/(expenses)		
Other income—related party	93,929	—
Interest and finance costs	(289,090)	(1,579,206)
Interest income	418,597	428,201
Loss on derivatives, net	(3,959,203)	(1,104,001)
Foreign currency (loss)/gain, net	(998,931)	697,481
Total other expenses, net	(4,734,698)	(1,557,525)
Net income	\$ 25,260,782	\$ 2,833,843
Earnings per common share, basic and diluted	\$ 0.45	\$ 0.09

The accompanying notes are an integral part of these consolidated financial statements.

Dorian LPG Ltd.
Consolidated Statements of Shareholders' Equity
(Expressed in United States Dollars, except for number of shares)

	Number of common shares	Common stock	Additional paid-in capital	Retained earnings	Due from shareholder	Total
Issuance on inception—July 1, 2013	100	1	99	—	(100)	—
Cancellation—July 29, 2013	(100)	(1)	(99)	—	100	—
Issuance—July 29, 2013	18,644,324	186,443	229,804,569	—	—	229,991,012
Issuance—November 26, 2013	24,071,506	240,715	361,957,921	—	—	362,198,636
Issuance—February 12, 2014	5,649,200	56,492	97,119,449	—	—	97,175,941
Fractional shares cancelled	(19)	—	—	—	—	—
Net income for the period	—	—	—	2,833,843	—	2,833,843
Balance, March 31, 2014	48,365,011	483,650	688,881,939	2,833,843	—	692,199,432
Issuance—April 25, 2014	1,412,698	14,127	25,849,437	—	—	25,863,564
Issuance—May 13, 2014	7,105,263	71,053	123,169,507	—	—	123,240,560
Issuance—May 22, 2014	245,521	2,455	4,335,901	—	—	4,338,356
Restricted share award issuances	929,000	9,290	(9,290)	—	—	—
Net income for the period	—	—	—	25,260,782	—	25,260,782
Stock-based compensation	—	—	2,311,565	—	—	2,311,565
Balance, March 31, 2015	58,057,493	580,575	844,539,059	28,094,625	—	873,214,259

The accompanying notes are an integral part of these consolidated financial statements.

Dorian LPG Ltd.
Consolidated Statements of Cash Flows
(Expressed in United States Dollars)

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Cash flows from operating activities:		
Net income	\$ 25,260,782	\$ 2,833,843
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment	1,431,818	—
Depreciation and amortization	14,093,744	6,620,372
Amortization of financing costs	830,899	800,806
Unrealized gain on derivatives	(1,331,954)	(2,623,456)
Stock-based compensation expense	2,311,565	—
Unrealized exchange differences	1,244,394	(8,004)
Other non-cash items	489,039	—
Changes in operating assets and liabilities		
Trade receivables, net and accrued revenue	(21,018,670)	(1,966,746)
Prepaid expenses and other receivables	(1,437,501)	(343,047)
Due from related parties	1,252,754	(1,639,497)
Inventories	(2,317,430)	396,776
Other non-current assets	(97,446)	—
Trade accounts payable	2,731,828	1,799,616
Accrued expenses and other liabilities	2,306,631	2,043,523
Due to related parties	411,705	(292,687)
Payments for drydocking costs	(538,938)	(385,077)
Net cash provided by operating activities	25,623,220	7,236,422
Cash flows from investing activities:		
Payments for vessels and vessels under construction	(314,173,298)	(172,237,529)
Net payments to acquire predecessor businesses	—	(13,732,896)
Restricted cash deposits	(28,700,000)	(35,448,702)
Restricted cash released	30,938,702	—
Payments to acquire other fixed assets	(392,248)	(15,597)
Net cash used in investing activities	(312,326,844)	(221,434,724)
Cash flows from financing activities:		
Proceeds from long-term debt borrowings	80,086,143	—
Repayment of long-term debt borrowings	(9,612,000)	(6,506,000)
Financing costs paid	(11,220,812)	(1,516,847)
Cash proceeds from common shares issuances	155,830,178	510,496,990
Payments relating to issuance costs	(1,388,918)	(9,152,050)
Net cash provided by financing activities	213,694,591	493,322,093
Effects of exchange rates on cash and cash equivalents	(1,301,579)	8,004
Net (decrease)/increase in cash and cash equivalents	(74,310,612)	279,131,795
Cash and cash equivalents at the beginning of the period	279,131,795	—
Cash and cash equivalents at the end of the period	\$ 204,821,183	\$ 279,131,795
Supplemental disclosure of cash flow information		
Cash paid during the period for interest including interest capitalized to vessels	\$ 2,552,893	\$ 1,242,500
Non cash consideration of shares issued to acquire Predecessor businesses and acquisitions of assets	—	187,495,680
Financing costs included in liabilities	1,039,479	—
Issuance costs included in liabilities	\$ 244,414	\$ 549,966

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. ("Dorian") was incorporated on July 1, 2013, under the laws of the Republic of the Marshall Islands and is headquartered in the United States and is engaged in the transportation of liquefied petroleum gas ("LPG") worldwide through the ownership and operation of LPG tankers. Dorian LPG Ltd. and its subsidiaries (together "we", "us", "our", "DLPG" or the "Company") is primarily focused on owning and operating very large gas carriers ("VLGCs"), each with a cargo carrying capacity of greater than 80,000 cbm. After the latest delivery of our VLGC on January 2, 2015, our fleet currently consists of seven LPG carriers, including three fuel-efficient 84,000 cbm ECO-design VLGCs, three 82,000 cbm VLGCs and one pressurized 5,000 cbm vessel. In addition, we have newbuilding contracts for the construction of sixteen new fuel-efficient 84,000 cbm ECO-design VLGCs at Hyundai Heavy Industries Co., Ltd. ("Hyundai" or "HHI"), and Daewoo Shipping and Marine Engineering Ltd. ("Daewoo"), both of which are based in South Korea, with scheduled deliveries between June 2015 and February 2016. We refer to these contracts along with the three VLGCs that were delivered between July 2014 and January 2015 as our VLGC Newbuilding Program.

The Company remained dormant until July 29, 2013 when the following transactions were completed concurrently:

- DLPG completed a private placement of 9,310,054 shares of its common stock with institutional investors and other investors in Norway ("NPP"). The shares were issued at NOK 75.00 per share, equivalent to USD 12.66 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 4,667,135 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, interest rate swaps, and 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 pressurized gas carrier, 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 4,667,135 shares of its common stock to SEACOR Holdings Inc., through its subsidiary, SeaDor Holdings LLC ("SeaDor") as consideration for 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 in Note 3(b).

At the closing of the NPP, Dorian Holdings surrendered the 100 shares of capital stock of DLPG, which were then cancelled. 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.

We successfully closed our initial public offering ("IPO") on May 13, 2014 and our shares are listed on the NYSE and trade under the symbol LPG.

The accompanying 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 of Dorian LPG Ltd. and its subsidiaries.

Our subsidiaries, which are all wholly-owned and all are incorporated in Republic of the Marshall Islands (unless otherwise indicated below), as of March 31, 2015 are listed below.

Vessel Owning Subsidiaries

Subsidiary	Type of vessel(2)	Vessel's name	Built	CBM(1)
CNML LPG Transport LLC	VLGC	<i>Captain Nicholas ML</i>	2008	82,000
CJNP LPG Transport LLC	VLGC	<i>Captain John NP</i>	2007	82,000
CMNL LPG Transport LLC	VLGC	<i>Captain Markos NL</i>	2006	82,000
Grendon Tanker LLC	PGC	<i>LPG Grendon</i>	1996	5,000
Comet LPG Transport LLC	VLGC	<i>Comet</i>	2014	84,000
Corsair LPG Transport LLC	VLGC	<i>Corsair</i>	2014	84,000
Corvette LPG Transport LLC	VLGC	<i>Corvette</i>	2015	84,000

Newbuild Vessel Owning Subsidiaries(3)

Subsidiary	Type of vessel(2)	Hull number	Vessel's Name	Estimated vessel delivery date(4)	CBM(1)
Dorian Shanghai LPG Transport LLC	VLGC	<i>S749</i>	<i>Cougar</i>	Q2 2015	84,000
Dorian Houston LPG Transport LLC	VLGC	<i>S750</i>	<i>Cobra</i>	Q2 2015	84,000
Concorde LPG Transport LLC	VLGC	<i>2660</i>	<i>Concorde</i>	Q2 2015	84,000
Dorian Sao Paulo LPG Transport LLC	VLGC	<i>S753</i>	<i>Continental</i>	Q3 2015	84,000
Dorian Ulsan LPG Transport LLC	VLGC	<i>S755</i>	<i>Constitution</i>	Q3 2015	84,000
Dorian Amsterdam LPG Transport LLC	VLGC	<i>S751</i>	<i>Commodore</i>	Q3 2015	84,000
Constellation LPG Transport LLC	VLGC	<i>2661</i>	<i>Constellation</i>	Q3 2015	84,000
Dorian Dubai LPG Transport LLC	VLGC	<i>2336</i>	<i>Cresques</i>	Q3 2015	84,000
Dorian Monaco LPG Transport LLC	VLGC	<i>S756</i>	<i>Cheyenne</i>	Q3 2015	84,000
Dorian Barcelona LPG Transport LLC	VLGC	<i>S752</i>	<i>Clermont</i>	Q4 2015	84,000
Dorian Cape Town LPG Transport LLC	VLGC	<i>S754</i>	<i>Chaparral</i>	Q4 2015	84,000
Commander LPG Transport LLC	VLGC	<i>2662</i>	<i>Commander</i>	Q4 2015	84,000
Dorian Geneva LPG Transport LLC	VLGC	<i>2337</i>	<i>Cratis</i>	Q4 2015	84,000
Dorian Tokyo LPG Transport LLC	VLGC	<i>2338</i>	<i>Copernicus</i>	Q4 2015	84,000
Dorian Explorer LPG Transport LLC	VLGC	<i>S757</i>	<i>Challenger</i>	Q4 2015	84,000
Dorian Exporter LPG Transport LLC	VLGC	<i>S758</i>	<i>Caravelle</i>	Q1 2016	84,000

Management Subsidiaries

<u>Subsidiary</u>	<u>Incorporation Date</u>
Dorian LPG Management Corp	July 2, 2013
Dorian LPG (USA) LLC (incorporated in USA)	July 2, 2013
Dorian LPG (UK) Ltd. (incorporated in UK)	November 18, 2013
Dorian LPG Finance LLC	January 16, 2015

Dormant Subsidiaries

<u>Subsidiary</u>	<u>Incorporation Date</u>
SeaCor LPG I LLC	April 26, 2013
SeaCor LPG II LLC	April 26, 2013
Capricorn LPG Transport LLC	November 15, 2013
Constitution LPG Transport LLC	February 17, 2014
Occident River Trading Limited (incorporated in UK)	January 9, 2015

- (1) CBM: Cubic meters, a standard measure for LPG tanker capacity
- (2) Very Large Gas Carrier ("VLGC"), Pressurized Gas Carrier ("PGC")
- (3) Represents newbuild vessels not yet delivered as of December 31, 2014
- (4) Represents calendar year quarters

The following charterers individually accounted for more than 10% of our revenue for the periods presented as follows:

<u>Charterer</u>	<u>% of revenue Year ended March 31, 2015</u>
Statoil ASA	27%
Royal Dutch Shell plc	19%
Itochu Corporation	14%
Indian Oil Corporation Ltd.	12%
Maritime Pressx Limited	11%

<u>Charterer</u>	<u>% of revenue July 1, 2013 (inception) to March 31, 2014</u>
Statoil ASA	51%
Naftomar Shipping and Trading Co. Ltd	13%
Kuwait Petroleum Corporation	10%

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 operations 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 periods presented and 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. For the periods 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 and accrued revenues:** Trade receivables, net and accrued revenues, 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 periods presented was zero.
- (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.
- (i) **Vessels, net:** Vessels, net 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 term of the 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.
- (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 accompanying consolidated balance sheet.

Commissions: Charter hire commissions to brokers or managers, 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) **Stock-based compensation:** Stock-based payments to employees and directors are determined based on their grant date fair values, net of expected forfeitures, and are amortized against income over the vesting period. The fair value is considered to be the closing price recorded on the grant date. We estimate restricted stock award forfeitures at the time of grant and periodically revise those estimates in subsequent periods if actual forfeitures differ from those estimates. As a result, we record stock-based compensation expense only for those awards that are expected to vest.
- (q) **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.
- (r) **Derivative instruments:** All derivatives are stated 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 and their fair value changes are recognized 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 recognized in current period earnings or in other comprehensive income/(loss) (effective portion) until the hedged item is recognized in the consolidated statements of operations. For the periods presented, no derivatives were accounted for as accounting hedges.
- (s) **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.

- (t) **Recent accounting pronouncements:** On May 28, 2014, the FASB issued ASU 2014-09, Revenue From Contracts With Customers, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This standard is effective for public entities with reporting periods beginning after December 15, 2016. Early adoption is not permitted. The Company has not yet evaluated the impact, if any, of the adoption of this new standard.

On April 7, 2015, the FASB issued Accounting Standard Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, on a retrospective basis. Early adoption is permitted. We have not early adopted this standard. The effect from the adoption of this standard would be the presentation of the debt issuance costs as a direct deduction of the related debt liability instead of as a non-current asset.

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. These acquisitions were accounted for as the acquisition of a business, 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 4,667,135 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 NOK75.00 per share (or \$12.66 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
	<u>59,393,671</u>

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 7,990,425 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 NOK92.50 per share (or \$15.16 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 thirteen VLGC newbuilding contracts (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.

(d) **Dorian (Hellas) S.A.:**

A. Ship-Ownning 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. ("DHSA" or the "Manager"), the technical, crew and commercial management as well as insurance and accounting services of its vessels was outsourced to DHSA. In addition, under these management agreements, strategic and financial services had also been outsourced to DHSA. DHSA had 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. Mr. John Hadjipateras, our Chairman, President and CEO, 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 DHSA amounted to \$93,750 per month per vessel, payable one month in advance. These management agreements terminated on June 30, 2014. As of July 1, 2014, vessel management services and the associated agreements for our fleet were transferred from DHSA and are now provided through our wholly owned subsidiaries Dorian LPG (USA) LLC, Dorian LPG (UK) Ltd. and Dorian LPG Management Corp. Subsequent to the transition agreements, Eagle Ocean Transport continues to incur related travel costs for certain transitioned employees as well as office-related costs, for which we reimbursed Eagle Ocean Transport \$0.7 million for the year ended March 31, 2015.

Management fees related to these agreements for the year ended March 31, 2015 and for the period July 1, 2013 to March 31, 2014 amounted to \$1.1 million and \$3.0 million, respectively, and are presented in Management fees—related party in the consolidated statement of operations.

In July 2014, Dorian LPG (UK) Ltd. and Dorian (Hellas) entered into an agreement for a period of twelve months, for the provision by Dorian LPG (UK) Ltd. of certain chartering and marine operation services to Dorian (Hellas), for which income totaling \$0.1 million was earned and included in other income. This amount was owed by Dorian (Hellas) to Dorian LPG (UK) Ltd. as of March 31, 2015.

B. Pre-Delivery Services: A fixed monthly fee of \$15,000 per hull was payable to the Manager for pre-delivery services provided during the period from July 29, 2013 until the date of delivery of each newbuilding. These management agreements terminated on June 30, 2014. As of July 1, 2014, vessel management services and the associated agreements for our fleet were transferred from the Manager and are now provided through our wholly owned subsidiaries. Management fees related to the pre-delivery services provided by DHSA for the year ended March 31, 2015 and for the period July 1, 2013 to March 31, 2014 amounted to \$0.9 million and \$1.2 million, respectively. For the period July 1, 2013 to March 31, 2014, \$0.1 million is presented in Management fees-related party in the consolidated statement of operations and \$1.1 million was capitalized and presented in vessels under construction in the accompanying 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 for three VLGCs and three associated option agreements. To the extent that any fees are received in respect of option vessels under such agreements, the fees shall be shared evenly between SEACOR and Eagle Ocean Transport. Collectively, Eagle Ocean Transport and SEACOR received a total of \$0.8 million and \$0.5 million of shipbroker rebates for their services in securing the newbuilding contracts for the year ended March 31, 2015 and period ended March 31, 2014, respectively. In addition, Eagle Ocean Transport was reimbursed for an amount of \$0.3 million, representing costs incurred on behalf of the Company relating to equity issuances and debt restructuring for the period July 1, 2013 to March 31, 2014.

(f) **Consulting:** Since the formation of the Predecessor Companies, a member of our board of directors, who resigned effective May 1, 2015, provided certain chartering and commercial services to the Company, its subsidiaries, and the Predecessor Companies. This individual entered into a consulting agreement on May 1, 2015 that provides for, among other things, an annual fee of \$250,000, payable for services rendered commencing on May 8, 2014. For the year ended March 31, 2015, we expensed \$0.2 million related to this consulting agreement.

The amounts due to/from related parties represent amounts due to/from DHSA and Eagle Ocean Transport relating to payments made by them on behalf of the Company relating to the vessels operations, fees due to them for services rendered, net of amounts transferred to them.

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, CJNP, CNML owners of the *Captain Markos NL*, *Captain John NP* 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 \$2.67 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.

The following table summarizes the fair value of the consideration paid and assets/liabilities acquired.

Fair value of total consideration

	Acquisition from Dorian Holdings	Grendon acquisition	Total
Cash	9,732,911	6,672,485	16,405,396
Equity instruments (4,667,135 common shares of the Company at NOK 75.00 per share)	59,092,499	—	59,092,499
Total consideration	68,825,410	6,672,485	75,497,895
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)
Net assets acquired—fair value	68,825,410	6,672,485	75,497,895

The fair value of the common stock was determined to be NOK75.00 per share (or \$12.66 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 values 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.

In addition, on July 29, 2013 Dorian Holdings granted the Company a royalty-free, non-exclusive right and license to use the then 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 it was 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 to March 31, 2014 included in the consolidated statement of operations for the period ended March 31, 2014 amount to \$29,633,700 and \$3,152,335, 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, 2013:

\$ in 000's	For the year ended March 31, 2014
Net revenues	\$ 45,017
Net income	\$ 6,613

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.

5. Inventories

Our inventories by type were as follows:

	March 31, 2015	March 31, 2014
Bunkers	2,446,424	596,768
Lubricants	737,502	358,381
Victualing	132,017	83,840
Bonded stores	35,399	15,354
Communication cards	24,417	3,986
Total	3,375,759	1,058,329

6. Vessels, Net

	Cost	Accumulated depreciation	Net book Value
Balance, July 1, 2013	—	—	—
Vessel acquisitions through business combinations (Refer Note 4)	201,082,529	—	201,082,529
Other	307,606	—	307,606
Depreciation	—	(6,555,269)	(6,555,269)
Balance, March 31, 2014	201,390,135	(6,555,269)	194,834,866
Additions	240,415,534	—	240,415,534
Impairment ⁽¹⁾	(2,625,000)	1,193,182	(1,431,818)
Depreciation	—	(13,842,529)	(13,842,529)
Balance, March 31, 2015	439,180,669	(19,204,616)	419,976,053

(1) We recognized a non-cash impairment loss of \$1.4 million for the year ended March 31, 2015 and no impairment losses for the period ended March 31, 2014. We prepared future undiscounted cash flows for the PGC vessel as there were indicators of impairment for this size vessel, which provided evidence that the book value was not recoverable.

The additions represent amounts transferred from Vessels under Construction relating to the cost of our newbuildings, the *Comet*, the *Corsair* and the *Corvette*, which were delivered to us on July 25, 2014, September 26, 2014 and January 2, 2015, respectively.

Vessels, with a total carrying value of \$416.0 million as of March 31, 2015, are first-priority mortgaged as collateral for our loan facilities (refer Note 11).

7. Vessels Under Construction

Balance, July 1, 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 on November 26, 2013 (refer Note 3c)	119,386,040
Acquisition cost of vessel purchase options from Dorian Holdings and SeaDor exercised on February 21, 2014 (refer Notes 3b and 4)	7,134,126
Installment payments to shipyards	169,271,536
Other capitalized expenditures	1,839,689
Capitalized interest	972,010
Balance, March 31, 2014	323,206,206
Installment payments to shipyards	300,866,261
Other capitalized expenditures	11,016,951
Capitalized interest	3,501,620
Vessels delivered (transferred to Vessels)	(240,415,534)
Balance, March 31, 2015	398,175,504

Other capitalized expenditures for the year ended March 31, 2015 represent LPG coolant of \$1.4 million, fees paid to our Manager of \$0.9 million, to third party vendors of \$8.6 million and \$0.1 million of employee-related costs 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. Other capitalized expenditures for the period ended March 31, 2014 represent fees paid to our Manager of \$1.1 million and to third party vendors of \$0.7 million 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.

8. Other Fixed Assets, Net

Other fixed assets of \$464,889 and \$60,904 as of March 31, 2015 and March 31, 2014, respectively, represent leasehold improvements, software and furniture and fixtures at cost. Accumulated depreciation on other fixed assets net as of March 31, 2015 was \$46,402 and there was no accumulated depreciation as of March 31, 2014 as they had not yet been brought into use.

9. Deferred Charges, Net

The analysis and movement of deferred charges is presented in the table below:

	<u>Financing costs</u>	<u>Drydocking costs</u>	<u>Equity offering costs</u>	<u>Total deferred charges, net</u>
On inception, July 1, 2013	—	—	—	—
Additions	1,516,847	600,394	1,304,343	3,421,584
Amortization	(800,807)	(65,103)	—	(865,910)
Balance, March 31, 2014	716,040	535,291	1,304,343	2,555,674
Additions	13,411,075	323,623	760,680	14,495,378
Amortization	(830,899)	(189,209)	—	(1,020,108)
Transferred to APIC	—	—	(2,065,023)	(2,065,023)
Balance, March 31, 2015	13,296,216	669,705	—	13,965,921

The drydocking costs incurred during the year ended March 31, 2015 relate to the drydocking for *Grendon* and the drydocking costs incurred during the period ended March 31, 2014 relate to the drydocking for *Captain Nicholas ML*.

Financing costs incurred during the year ended March 31, 2015 relate to the 2015 Debt Facility.

Offering costs related to our IPO were transferred to additional paid-in capital ("APIC") on completion of our IPO on May 13, 2014.

10. Accrued Expenses

Accrued expenses comprised of the following:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Accrued loan and swap interest	1,619,897	1,439,237
Accrued voyage and vessel operating expenses	1,406,023	87,029
Accrued professional services	1,282,639	173,708
Accrued financing costs	705,000	—
Accrued employee-related costs	546,095	—
Accrued IPO charges	—	469,707
Other	88,048	26,705
Total	5,647,702	2,196,386

11. Long-Term Debt

Description of our Debt Obligations

2015 Debt Facility

In March 2015, we entered into a \$758 million debt financing facility (the "2015 Debt Facility") with four separate tranches. Commercial debt financing ("Commercial Financing") of \$249 million is being provided by ABNAMRO Capital USA LLC ("ABN"); ING Bank N.V., London Branch, ("ING"); DVB Bank S.E. ("DVB"); Citibank ("Citi"); and Commonwealth Bank of Australia, New York Branch, ("CBA"), (collectively the "Commercial Lenders"), while the Export Import Bank of Korea ("KEXIM") is directly providing \$204 million of financing ("KEXIM Direct Financing"). The remaining \$305 million of financing is being provided under tranches guaranteed by KEXIM of \$202 million ("KEXIM Guaranteed") and insured by the Korea Trade Insurance Corporation ("K-sure") of \$103 million ("K-sure Insured"). Financing under the KEXIM guaranteed and K-sure insured tranches will be provided by certain Commercial Lenders; Deutsche Bank AG; and Santander Bank, N.A. The debt financing will be secured by, among other things, eighteen of the Company's VLGC newbuildings, and will represent a loan-to-contract cost ratio before fees of approximately 55%.

The 2015 Debt Facility contains various covenants providing for, among other things, maintenance of certain financial ratios and certain limitations on payment of dividends, investments, acquisitions and indebtedness. A commitment fee is payable on the average daily unused amount under the 2015 Debt Facility of 40% of the margin on each tranche. Additionally, we incurred approximately \$13.4 million of debt issuance costs associated with the 2015 Debt Facility, which have been deferred and are amortized over the life of the agreement and are included as part of interest expense. Certain terms of the borrowings under each tranche of the 2015 Debt Facility are as follows:

		Term	Interest Rate Description ⁽¹⁾	Interest Rate at March 31, 2015 ⁽²⁾
Tranche 1	Commercial Financing	7 years	London InterBank Offered Rate ("LIBOR") plus a margin ⁽⁴⁾	3.02%
Tranche 2	KEXIM Direct Financing	12 years ⁽³⁾	LIBOR plus a margin of 2.45%	2.72%
Tranche 3	KEXIM Guaranteed	12 years ⁽³⁾	LIBOR plus a margin of 1.40%	1.67%
Tranche 4	K-sure Insured	12 years ⁽³⁾	LIBOR plus a margin of 1.50%	1.77%

- (1) The interest rate of the 2015 Debt Facility on Tranche 1 is determined in accordance with the agreement as three or six month LIBOR plus the applicable margin and the interest rate on Tranches 2, 3 and 4 is determined in accordance with the agreement as three month LIBOR plus the applicable margin for the respective tranches.
- (2) The set LIBOR rate in effect as of March 31, 2015 was 0.27%.
- (3) The KEXIM Direct Financing, KEXIM Guaranteed, and K-Sure tranches have put options to call for the prepayment on the final payment date of the Commercial Financing tranche subject to specific notifications and commitments for refinancing/renewal of the Commercial Financing tranche.
- (4) The Commercial Financing tranche margin over LIBOR is 2.75% and is reduced to 2.50% if 50% or more but less than 75% of the vessels financed in the 2015 Debt Facility are employed under time charters as defined in the agreement and to 2.25% if 75% or more of the vessels financed in the 2015 Debt Facility are employed under time charters as defined in the agreement. As of March 31, 2015, the set margin was 2.50%.

On March 26 2015, we made our initial drawdown under the 2015 Debt Facility of \$81.2 million, including \$2.5 million of deferred financing fees, which was secured by the *Comet* and the *Corvette* and was divided into the four separate tranches. As of March 31, 2015, \$676.8 million was available to be drawn.

Royal Bank of Scotland plc. ("RBS") secured bank debt

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 (the "RBS Loan Facility"), which replaced the prior borrowing arrangements of the Predecessor. The RBS 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 \$1,700,000 that commenced 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 that commenced 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 that commenced on January 21, 2014 plus a balloon of \$27,520,000 payable concurrently with the last installment July 21, 2020.

The interest rate on the RBS Loan Facility increased in accordance with the loan agreement from LIBOR plus a margin of 1.5% per annum to LIBOR plus a margin of 2.0% per annum on September 26, 2014, concurrent with the delivery of the *Corsair*. The margin will increase to 2.5% on September 26, 2015 until maturity.

The RBS Loan Facility is secured by first priority mortgages on the vessels financed and first assignments of all freights, earnings and insurances.

The RBS 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 RBS 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 RBS 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 RBS Loan Facility permits the Borrowers to make expenditures to fund the administration and operation of Dorian LPG.

Debt Covenants: The following financial covenants are the most restrictive from the 2015 Debt Facility and the RBS Loan Facility which the Company is required to comply with, calculated on a consolidated basis, determined and defined according to the provisions of the loan agreement:

RBS Loan Facility Covenants

The ratio of cash flow from operations before interest and finance costs to cash debt service costs shall not be less than 1:1;

Minimum shareholders' equity, as adjusted for any reduction in the vessel fair market value, shall not be less than \$85 million;

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;

The ratio of Total Debt to Shareholders Funds shall not exceed 150% at all times;

The ratio of the aggregate market value of the vessels securing the loan to the principal amount outstanding under such loan, plus 100% of the related swap exposure, at all times shall be in excess of 125%; and

No dividends shall be paid in excess of free cash flow if an event of default is occurring.

2015 Debt Facility Covenants

The ratio of current assets divided by current liabilities shall always be greater than 1.00;

Maintain minimum stockholder's equity at all times equal to the aggregate of (i) \$400,000,000, (ii) 50% of any new equity raised after loan agreement date and (iii) 25% of the positive net income for the immediately preceding financial year;

Minimum interest coverage ratio of consolidated EBITDA to consolidated net interest expense must be maintained (i) greater than or equal to: 1.00 for the 12-month period starting in the calendar quarter following the one in which delivery of the first ship occurs, (ii) 1.50 in the subsequent year, (iii) 2.00 in the third year following the initial period, and (iv) 2.50 thereafter;

The ratio of consolidated net debt to consolidated total capitalization shall not exceed 0.60 to 1.00;

Minimum cash balance must be the higher of (a) the aggregate of (i) \$25 million and (ii) \$1,100,000 for every vessel delivered and financed by the 2015 Debt Facility and (b) 5% of the consolidated interest bearing debt outstanding of the Company;

Fair market value of the mortgaged ships plus any additional security shall be at least 135% of the outstanding loan balance;

No dividends shall be paid if an event of default has occurred and is continuing, or if an event of default would result therefrom, or if we are not in compliance with any financial covenants or any payment of dividends or any form of distribution or return of capital would result us not being in compliance with any of the financial covenants.

We were in compliance with the financial covenants as of March 31, 2015.

Debt Obligations

The table below presents our debt obligations:

	March 31, 2015	March 31, 2014
RBS secured bank debt		
Tranche A	40,800,000	44,200,000
Tranche B	30,684,000	33,241,000
Tranche C	47,622,500	51,277,500
Total	119,106,500	128,718,500
2015 Debt Facility		
Commercial Financing	26,695,381	—
KEXIM Direct Financing	21,890,212	—
KEXIM Guaranteed	21,655,293	—
K-sure Insured	10,996,041	—
Total	81,236,927	—
Total debt obligations	200,343,427	128,718,500
Presented as follows:		
Current portion of long-term debt	15,677,553	9,612,000
Long-term debt—net of current portion	184,665,874	119,106,500
Total	200,343,427	128,718,500

Future Cash Payments for Debt

The minimum annual principal payments, in accordance with the loan agreements, required to be made after March 31, 2015 are as follows:

Year ending March 31:

2016	15,677,553
2017	15,677,553
2018	15,677,553
2019	63,333,553
2020	9,720,553
Thereafter	80,256,662
Total	200,343,427

12. Common Stock

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 450,000,000 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:

- 9,310,054 common shares on completion of its NPP, at NOK75.00 per share, equivalent to USD12.66 per share based on the exchange rate on July 29, 2013
- 4,667,135 common shares to Dorian Holdings (refer Note 4)
- 4,667,135 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 NOK75 (or USD12.66) per share based on the issue price of the NPP.

On November 26, 2013, the Company issued the following shares:

- 16,081,081 common shares on completion of a second Private Placement in Norway ("NPP2"), at NOK92.50 per share, equivalent to USD15.16 per share based on the exchange rate on November 26, 2013
- 7,990,425 common shares to Scorpio Tankers Inc. (refer Note 3)

On February 12, 2014, the Company issued the following shares:

- 5,649,200 common shares on completion of a third Private Placement in Norway ("NPP3"), at NOK110.00 per share, equivalent to USD17.92 per share based on the exchange rate on February 12, 2014

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, which 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.

On April 25, 2014 the Company completed a one-for-five reverse stock split and reduced the number of the Company's issued and outstanding common shares and affected all issued and outstanding common shares, outstanding immediately prior to the effectiveness of the reverse stock split. The number of the Company's authorized common shares was not affected by the reverse split and the par value of our common shares remained unchanged at \$0.01 per share. The reverse stock split reduced the number of the Company's common shares outstanding at March 31, 2014 from 241,825,149 to 48,365,011 after the cancellation of 19 fractional shares. No fractional shares were issued in connection with the reverse stock split. Shareholders who otherwise held a fractional share of the Company's common stock as a result of the reverse stock split received a cash payment in lieu of such fractional share. All amounts related to number of shares and per share amounts have been retroactively restated.

On April 25, 2014, we completed a private placement of 1,412,698 common shares with a strategic investor at a price of NOK 110.00 or USD 18.40 based upon the exchange rate on April 24, 2014, which represents approximately \$26.0 million in gross proceeds not including closing fees.

On May 13, 2014, we completed an initial public offering of 7,105,263 common shares on the New York Stock Exchange at a price of \$19.00 per share, or \$135.0 million in gross proceeds not including underwriting fees or closing costs. The shares began trading on the New York Stock Exchange on May 8, 2014 under the ticker symbol "LPG".

On May 22, 2014, we completed the issuance of 245,521 common shares related to the overallotment exercise by the underwriters of our initial public offering at a price of \$19.00 per share, or \$4.7 million in gross proceeds not including underwriting fees or closing costs.

On June 25, 2014, we completed the exchange offer of unregistered common shares that we previously issued in our prior equity private placements, other than the common shares owned by our affiliates, for 15,528,507 common shares that have been registered under the Securities Act of 1933, as amended, the complete terms and conditions of which were set forth in a prospectus dated May 8, 2014 and the related letter of transmittal.

In June 2014, we granted 655,000 shares of restricted stock to certain of our officers and, in March 2015, we granted 274,000 shares of restricted stock to certain of our directors, employees and non-employee consultants (see Note 13 for further discussion regarding stock-based compensation).

13. Stock-Based Compensation Plans

In April 2014, we adopted 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 have reserved 2,850,000 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 in April 2014. The plan is administered by our compensation committee.

In June 2014, we granted 655,000 shares of restricted stock to certain of our officers and, in March 2015, we granted 274,000 shares of restricted stock to certain of our directors, employees and non-employee consultants. One-third of these restricted shares vest three years after grant date, one-third vest four years after grant date, and one-third vest five years after grant date. The restricted shares were valued at their fair market value on their grant date and are expensed on a straight-line basis over five years. Our stock-based compensation expense was \$2.3 million for the year ended March 31, 2015 and is included within general and administrative expenses in our accompanying consolidated statements of operations. There was no stock-based compensation expense for the period of July 1, 2013 through March 31, 2014. Unrecognized compensation cost as of March 31, 2015 was \$16.0 million and will be recognized over the remaining weighted average life of 4.45 years.

A summary of the activity of our restricted shares as of March 31, 2015 and changes during the nine months then ended, is as follows:

Restricted Share Awards	Number of Shares	Weighted- Average Grant-Date Fair Value
Unvested as of March 31, 2014	—	\$ —
Granted	929,000	19.70
Unvested as of March 31, 2015	929,000	\$ 19.70

14. Revenues

Revenues comprise the following:

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Voyage charter revenues	\$ 77,331,934	\$ 11,210,785
Time charter revenues	26,098,290	17,602,137
Other revenues	698,925	820,778
Total	\$ 104,129,149	\$ 29,633,700

Time charter revenue included a profit-sharing element of the time charter agreements of \$7.8 million and \$6.1 million for the year ended March 31, 2015 and the period ended March 31, 2014, respectively. Other revenue represents income from charterers relating to reimbursement of expenses such as costs for security guards and war risk insurance.

15. Voyage Expenses

Voyage expenses comprise the following:

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Bunkers	\$ 15,678,905	\$ 5,271,126
Port charges and other related expenses	3,603,707	552,634
Brokers' commissions	1,703,589	386,244
Security cost	709,035	298,820
War risk insurances	146,320	37,001
Other voyage expenses	240,300	125,146
Total	\$ 22,081,856	\$ 6,670,971

16. Vessel Operating Expenses

Vessel operating expenses comprise the following:

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Crew wages and related costs	\$ 14,529,018	\$ 5,306,441
Spares and stores	2,666,100	1,395,287
Insurance	1,343,071	566,021
Repairs and maintenance costs	1,315,028	502,424
Lubricants	964,951	480,279
Miscellaneous expenses	437,997	144,507
Total	\$ 21,256,165	\$ 8,394,959

17. Interest and Finance Costs

Interest and finance costs is comprised of the following:

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Interest incurred	\$ 2,657,943	\$ 1,666,159
Amortization of financing costs	830,899	800,806
Other financing costs	301,868	84,251
Capitalized interest	(3,501,620)	(972,010)
Total	\$ 289,090	\$ 1,579,206

18. Income Taxes

The Company and its vessel-owning 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.

We do not believe that we were able to qualify for exemption under Section 883 and as a consequence, our gross U.S. source shipping income for our first fiscal year ended March 31, 2014 is subject to a 4% gross basis tax (without allowance for deductions) equal to \$39,266 and is included in Voyage expenses in the consolidated statement of operations.

We believe that we will qualify for exemption under Section 883 and as a consequence, our gross U.S. source shipping income for our fiscal year ended March 31, 2015 will not be subject to a 4% gross basis tax.

19. Commitments and Contingencies

Commitments under Newbuilding Contracts

As of March 31, 2015, we had \$871.4 million of commitments under shipbuilding contracts and supervision agreements for sixteen newbuildings. We expect to settle these commitments during the twelve months ended March 31, 2016.

Commitments under Operating Leases

We had the following commitments as a lessee under operating leases relating to our United States, Greece and United Kingdom offices:

	March 31, 2015
Less than one year	\$ 376,620
One to three years	607,020
Three to five years	140,370
Total	\$ 1,124,010

Other

From time to time we 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. We 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 consolidated financial statements.

20. Financial Instruments and Fair Value Disclosures

Our principal financial assets consist of cash and cash equivalents, amounts due from related parties and trade accounts receivable. Our principal financial liabilities consist of long-term bank loan, interest rate swaps, accounts payable, amounts due to related parties and accrued liabilities.

(a) Concentration of credit risk: Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable, amounts due from related parties, cash and cash equivalents. We limit our credit risk with accounts receivable by performing ongoing credit evaluations of our customers' financial condition and generally do not require collateral for our trade accounts receivable. We place our cash and cash equivalents, with highly-rated financial institutions.

(b) Interest rate risk: Our long-term bank loan is based on LIBOR and hence we are exposed to movements in LIBOR. We entered into interest rate swap agreements in order to hedge our variable interest rate exposure. We use interest rate swaps for the management of interest rate risk exposure. The interest rate swaps effectively convert our debt from a floating to a fixed rate. To hedge our exposure to changes in interest rates we are a party to five floating-to-fixed interest rate swaps with RBS. Interest rate swaps are stated at fair value, which 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 we would have to pay for the early termination of the agreements. The principal terms of the interest rate swaps are as follows:

Subsidiary	Termination Date	Fixed interest rate	Nominal value March 31, 2015
CMNL(1)	Nov 2018	5.395%	20,456,000
CMNL(1)	Nov 2018	4.936%	10,228,000
CJNP(2)	March 2019	4.772%	30,523,500
CJNP(2)	March 2019	2.960%	10,276,500
CNML(3)	July 2020	4.350%	46,440,000
			117,924,000

- (1) reduces semi-annually by \$1,278,500 with a final settlement of \$21,734,500 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 exercised its right to extend the interest rate swap until July 2020 and based on the extension reduces semi-annually by \$1,720,000 with a final settlement of \$27,520,000 due in July 2020.

(c) **Fair Value Measurements:**

Fair Value on a Recurring Basis: The following table summarizes the bases used to measure the financial assets and liabilities that are carried at fair value on a recurring basis on our balance sheet, which comprise our financial derivatives:

Derivatives not designated as hedging instruments	Balance sheet location	March 31, 2015		March 31, 2014	
		Asset derivatives	Liability derivatives	Asset derivatives	Liability derivatives
Interest rate swap agreements	Long-term liabilities—Derivative instruments	—	12,730,462	—	14,062,416

The effect of derivative instruments on the consolidated statement of operations for the periods presented are as follows:

Derivatives not designated as hedging instruments	Location of gain/(loss) recognized	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
Interest Rate Swap—Change in fair value	Gain/(loss) on derivatives, net	\$ 1,331,954	\$ 2,623,456
Interest Rate Swap—Realized loss	Gain/(loss) on derivatives, net	(5,291,157)	(3,727,457)
Loss on derivatives—net		\$ (3,959,203)	\$ (1,104,001)

As of March 31, 2015 and March 31, 2014, no fair value measurements for assets or liabilities under Level 1 or Level 3 were recognized in the accompanying consolidated balance sheets. We did not have any other assets or liabilities measured at fair value on a non-recurring basis during the year ended March 31, 2015 or during the period ended March 31, 2014.

Fair value on a non-recurring basis: As of March 31, 2015, we reviewed the carrying amount and the estimated recoverable amount for each of our vessels. The review indicated that the carrying amount was not recoverable for our PGC vessel. The fair value is considered a Level 2 item in the fair value hierarchy and is based on our best estimate of the value of the vessel, which is supported by three independent vessel appraisals. We recognized an impairment loss of \$1.4 million during the year ended March 31, 2015 as further described in Note 6 to the consolidated financial statements.

We did not have any other assets or liabilities measured at fair value on a nonrecurring basis during the year ended March 31, 2015 or during the period ended March 31, 2014.

(d) **Book values and fair values of financial instruments.** In addition to the derivatives that we are required to record at fair value on our balance sheet (refer (c) above), we have other financial instruments that are carried at historical cost. These financial instruments include trade accounts receivable, amounts due from related parties, cash and cash equivalents, accounts payable, amounts due to related parties and accrued liabilities for which the historical carrying value approximates the fair value due to the short-term nature of these financial instruments. We also have long term bank debt for which we believe the historical carrying value approximates their fair value as the loans bear interest at variable interest rates, being LIBOR, which is observable at commonly quoted intervals for the full terms of the loans, and hence are considered as Level 2 items in accordance with the fair value hierarchy. Cash and cash equivalents and restricted cash are considered Level 1 items.

21. Retirement Plans

Defined Contribution Plan

United States-based employees participate in our 401(k) retirement plan and may contribute a portion of their annual compensation to a 401(k) plan on a pre-tax basis, in accordance with Internal Revenue Service guidelines. On behalf of all participants in the plan, we provide a safe harbor contribution subject to certain limitations. Employee contributions and our safe harbor contributions are vested at all times. We recognized and paid compensation expense associated with the safe harbor contributions totaling \$0.1 million for the year ended March 31, 2015. There was no compensation expense associated with the safe harbor contributions for the period ended March 31, 2014 as the plan was initiated during the year ended March 31, 2015 coinciding with the transfer of management services from the Manager to our wholly owned subsidiaries, as described in Note 3.

Defined Benefit Plan

Our Greece-based employees have a statutory required defined benefit pension plan according to provisions of Greek law 2112/20 covering all eligible employees (the "Greece Plan"). We recognized compensation expense and recorded a corresponding liability associated with our projected benefit obligation to the Greece Plan totaling \$0.3 million for the year ended March 31, 2015 and no compensation expense for the period ended March 31, 2014.

Other

We contribute to retirement accounts for certain United Kingdom-based employees based on a percentage of their annual salaries. For the year ended March 31, 2015, we recognized compensation expense of \$0.1 million related to these contributions. There was no compensation expense associated with these contributions for the period ended March 31, 2014.

22. Earnings Per Share ("EPS")

Basic EPS represents net income attributable to common shareholders divided by the weighted average number of common shares outstanding during the measurement period. Our restricted stock shares include rights to receive dividends that are subject to the risk of forfeiture if service requirements are not satisfied, thus these shares are not considered participating securities and are excluded from the basic weighted-average shares outstanding calculation. Diluted EPS represent net income attributable to common shareholders divided by the weighted average number of common shares outstanding during the measurement period while also giving effect to all potentially dilutive common shares that were outstanding during the period.

The calculations of basic and diluted EPS for the periods presented were as follows:

	Year ended March 31, 2015	July 1, 2013 (inception) to March 31, 2014
<i>(In U.S. dollars except share data)</i>		
Numerator:		
Net income	\$ 25,260,782	\$ 2,833,843
Denominator:		
Weighted average number of common shares outstanding, basic and diluted	56,183,707	32,075,897
EPS:		
Basic and diluted	<u>\$ 0.45</u>	<u>\$ 0.09</u>

For the year ended March 31, 2015, there were 929,000 shares of unvested restricted stock excluded from the calculation of diluted EPS because the effect of their inclusion would be anti-dilutive. There were no shares of unvested restricted stock excluded from the calculation of diluted EPS for the period ended March 31, 2014.

23. Selected Quarterly Financial Information (unaudited)

The following tables summarize the 2015 and 2014 quarterly results:

	<u>Three months ended June 30, 2014</u>	<u>Three months ended September 30, 2014</u>	<u>Three months ended December 31, 2014</u>	<u>Three months ended March 31, 2015</u>
Revenues	\$ 15,853,840	\$ 20,358,211	\$ 32,583,990	\$ 35,333,108
Operating income	5,200,271	3,476,450	10,825,590	10,493,169
Net income	\$ 3,667,249	\$ 3,768,677	\$ 8,996,605	\$ 8,828,251
Earnings per common share, basic and diluted	\$ 0.07	\$ 0.07	\$ 0.16	\$ 0.15

	<u>July 1, 2013 (inception) to September 30, 2013</u>	<u>Three months ended December 31, 2013</u>	<u>Three months ended March 31, 2014</u>
Revenues	\$ 6,055,682	\$ 13,707,591	\$ 9,870,427
Operating income/(loss)	(509,733)	3,908,734	992,366
Net (loss)/income	\$ (1,425,761)	\$ 5,570,247	\$ (1,310,643)
Earnings/(loss) per common share, basic and diluted	\$ (0.08)	\$ 0.20	\$ (0.03)

24. Subsequent Events

On April 1, 2015, we commenced operations of Helios LPG Pool LLC ("Helios LPG"). Helios LPG is jointly run by Dorian LPG and Phoenix Tankers Pte. Ltd ("Phoenix Tankers"), a 100% subsidiary of Mitsui OSK Lines Ltd. Helios LPG is operated out of offices in London and Singapore.

Helios LPG is operating seven VLGCs on the water, including three of Dorian LPG's VLGCs: *Corsair*, *Captain John NP* and *Captain Nicholas ML*, of which one is a ECO-design vessel.

On May 15, 2015, the Compensation Committee of our Board of Directors approved a \$1.5 million discretionary cash bonus to executive management and \$0.4 million to other employees in recognition of their contribution to the Company's performance for the fiscal year ended March 31, 2015. These bonuses will be recognized as compensation expense in our consolidated financial statements for the year ended March 31, 2016.

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 statement of operations, owners' equity, and cash flows for the period April 1, 2013 to July 28, 2013, and for the year 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 results of operations of the Predecessor Businesses of Dorian LPG Ltd. and their combined cash flows for the period April 1, 2013 to July 28, 2013 and for the year 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
July 29, 2014

Predecessor Businesses of Dorian LPG Ltd.
Combined statements of operations
For the period April 1, 2013 to July 28, 2013,
For the year ended March 31, 2013
(Expressed in United States Dollars)

	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Revenues	15,383,116	38,661,846
Expenses		
Voyage expenses	3,623,872	8,751,257
Voyage expenses—related party	198,360	505,926
Vessel operating expenses	4,638,725	12,038,926
Management fees—related party	601,202	1,824,000
Depreciation and amortization	3,955,309	12,024,829
General and administrative expenses	28,204	157,039
Total expenses	13,045,672	35,301,977
Operating income	2,337,444	3,359,869
Other income/(expenses)		
Interest and finance costs	(762,815)	(2,568,985)
Interest income	98	598
Gain/(loss) on derivatives, net	2,830,205	(5,588,479)
Foreign currency loss, net	(5)	(53,700)
Total other income/(loss), net	2,067,483	(8,210,566)
Net income/(loss)	4,404,927	(4,850,697)

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 and
For the year ended March 31, 2013
(Expressed in United States Dollars)

	Owners' capital	Accumulated deficit	Total
Balance, April 1, 2012	73,880,910	(56,272,423)	17,608,487
Net loss for the year	—	(4,850,697)	(4,850,697)
Balance, March 31, 2013	73,880,910	(61,123,120)	12,757,790
Net income for the period	—	4,404,927	4,404,927
Balance, July 28, 2013	73,880,910	(56,718,193)	17,162,717

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 and
For the year ended March 31, 2013
(Expressed in United States Dollars)

	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Cash flows from operating activities:		
Net income/(loss)	4,404,927	(4,850,697)
Adjustments to reconcile net income/ (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,955,309	12,024,829
Amortization of financing costs	15,437	48,307
Unrealized gain/(loss) on derivatives	(4,684,006)	13,681
Changes in assets and liabilities:		
Trade receivables	(3,431,789)	(735,261)
Prepaid expenses and other receivables	8,646	487,966
Due from related parties	853,214	(2,198,820)
Inventories	415,631	(660,068)
Trade accounts payable	759,262	153,322
Accrued expenses and other liabilities	(336,312)	(384,265)
Due to related parties	2,710,151	4,755,938
Payment for drydocking costs	—	(399,149)
Net cash from operating activities	4,670,470	8,255,783
Cash flows from investing activities:		
Payments for vessel improvements	(90,492)	(469,929)
Net cash used in investing activities	(90,492)	(469,929)
Cash flows from financing activities:		
Repayment of long-term debt	(5,606,000)	(8,784,500)
Net cash used in financing activities	(5,606,000)	(8,784,500)
Net (decrease)/increase in cash and cash equivalents	(1,026,022)	(998,646)
Cash and cash equivalents at the beginning of the period	1,041,644	2,040,290
Cash and cash equivalents at the end of the period	15,622	1,041,644
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	1,002,958	2,472,386

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.

Vessel owning Company	Date of incorporation	Type of vessel⁽³⁾	Vessel's name	Built	CBM⁽²⁾
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:

Charterer	% of total revenues	
	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Statoil Hydro ASA	49	53
Petreddec Ltd.	18	19
EI Corp.	19	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 Owing 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 Owing 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.
- (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.
- (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.

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.

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:

	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
(i) Charter hire commissions , included in Voyage expenses—related party	198,360	505,926
(ii) Management fees	601,202	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. Vessels, Net

	<u>Vessel cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Balance, April 1, 2012	252,023,353	(53,743,681)	198,279,672
Vessel improvements	469,929	—	469,929
Depreciation	—	(11,671,879)	(11,671,879)
Balance, March 31, 2013	252,493,282	(65,415,560)	187,077,722
Vessel improvements	90,492	—	90,492
Depreciation	—	(3,839,271)	(3,839,271)
Balance, July 28, 2013	252,583,774	(69,254,831)	183,328,943

All the Company's vessels were first-priority mortgaged as collateral to secure the bank loans. No impairment loss was identified or recorded for the year ended March 31, 2013.

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.

5. Deferred Charges, Net

The deferred charges comprised of the following:

	Financing costs	Drydocking costs	Total
April 1, 2012	310,662	1,302,458	1,613,120
Amortization	(48,307)	(352,950)	(401,257)
March 31, 2013	262,355	949,508	1,211,863
Amortization	(15,437)	(116,038)	(131,475)
July 28, 2013	246,918	833,470	1,080,388

6. 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.

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.

7. Revenues

Revenues comprise the following:

	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Time charter revenue	8,850,543	24,143,606
Voyage charter revenue	6,236,525	13,581,561
Other income	296,048	936,679
Total	15,383,116	38,661,846

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 and \$5,193,454 for the year ended March 31, 2013. 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.

8. Voyage Expenses

Voyage expenses, including voyage expenses—related party, are comprised as follows:

	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Brokers commission	396,720	1,025,761
Bunkers	2,755,445	6,678,660
Port charges and other related expenses	391,091	746,574
Security cost	206,940	582,112
War risk insurances	26,673	111,626
Other voyage expenses	45,363	112,450
Total voyage expenses	3,822,232	9,257,183

9. Vessel Operating Expenses

Vessel operating expenses are comprised of the following:

	April 1, 2013 to July 28, 2013	Year ended March 31, 2013
Crew wages and related costs	2,519,315	7,932,836
Spares and stores	1,284,161	1,502,111
Lubricants	176,502	686,375
Insurance	298,249	942,847
Repairs and maintenance costs	279,921	848,576
Miscellaneous expenses	80,577	126,181
Total	4,638,725	12,038,926

10. Interest and Finance Cost

Interest and finance cost is comprised of \$659,832 and \$2,434,235 of interest on long-term debt and \$102,983 and \$134,750 of other finance costs for the period ended July 28, 2013 and the year ended March 31, 2013, respectively.

11. 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.

12. 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.

13. 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.

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.

The effect of derivative instruments on the combined statements of operations for the periods April 1, 2013 to July 28, 2013 and year ended March 31, 2013 is as follows:

		April 1, 2013 to July 28, 2013 (Unaudited)	Year ended March 31, 2013
Derivatives not designated as hedging instruments	Location of gain/(loss) recognized		
Interest Rate Swap—Change in fair value	Gain/(loss) on derivatives, net	\$ 4,684,007	\$ (13,680)
Interest Rate Swap—Realized loss	Gain/(loss) on derivatives, net	(1,853,802)	(5,574,799)
Loss on derivatives—net		\$ 2,830,205	\$ (5,588,479)

14. 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 13 , 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 13, 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.

15. 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.

Dated March 23, 2015

DORIAN LPG FINANCE LLC
as Borrower

THE ENTITIES
listed in Schedule 1, Part B
as Upstream Guarantors

DORIAN LPG LTD.
as Facility Guarantor

ABN AMRO CAPITAL USA LLC
CITIBANK N.A., LONDON BRANCH
and
THE OTHER BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1, Part D
as Bookrunners

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1, Part E
as Mandated Lead Arrangers

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1, Part F
as Commercial Lenders

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1, Part G
as KEXIM Lenders

THE EXPORT-IMPORT BANK OF KOREA
as KEXIM

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1, Part I
as K-sure Lenders

THE BANKS AND FINANCIAL INSTITUTIONS
Listed in Schedule 1, Part J
as Swap Banks

ABN AMRO CAPITAL USA LLC
as Global Coordinator, Administrative Agent and Security Agent

CITIBANK N.A., LONDON BRANCH
or any of its holding companies, subsidiaries or affiliates
as ECA coordinator

CITIBANK N.A., LONDON BRANCH
as ECA Agent

FACILITY AGREEMENT
for a Loan of up to \$758,105,296

 **NORTON ROSE FULBRIGHT**

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THIS AGREEMENT is dated March 23, 2015 and made between:

- (1) **DORIAN LPG FINANCE LLC**, as borrower (the **Borrower**);
- (2) **THE ENTITIES** listed in Schedule 1 (*The original parties*) Part B, as owners and upstream guarantors (the **Upstream Guarantors** and each an **Upstream Guarantor**);
- (3) **DORIAN LPG LTD.**, as facility guarantor (the **Facility Guarantor** and collectively with the Upstream Guarantors, the **Guarantors** and each a **Guarantor**);
- (4) **ABN AMRO CAPITAL USA LLC , CITIBANK N.A., LONDON BRANCH, ING BANK N.V., LONDON BRANCH** and **DVB BANK SE**, as bookrunners (the **Bookrunners** and each a **Bookrunner**);
- (5) **ABN AMRO CAPITAL USA LLC , CITIBANK N.A., LONDON BRANCH, ING BANK N.V., LONDON BRANCH, DVB BANK SE, BANCO SANTANDER, S.A.** and **THE EXPORT-IMPORT BANK OF KOREA**, as mandated lead arrangers (the **Mandated Lead Arrangers** and each a **Mandated Lead Arranger**);
- (6) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*The original parties*) Part F, as commercial lenders (the **Commercial Lenders** and each a **Commercial Lender**);
- (7) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*The original parties*) Part G, as KEXIM lenders (the **KEXIM Lenders** and each a **KEXIM Lender**);
- (8) **THE EXPORT-IMPORT BANK OF KOREA**, as KEXIM (**KEXIM**);
- (9) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*The original parties*) Part I, as K-sure lenders (the **K-sure Lenders** and each a **K-sure Lender**, and collectively with the Commercial Lenders, the KEXIM Lenders and KEXIM, the **Original Lenders** and each an **Original Lender**);
- (10) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*The original parties*) Part J, as swap banks (the **Swap Banks** and each a **Swap Bank**);
- (11) **ABN AMRO CAPITAL USA LLC** , as global coordinator (the **Global Coordinator**), administrative agent (the **Administrative Agent**) and security agent for and on behalf of the Finance Parties (the **Security Agent**);
- (12) **CITIBANK N.A., LONDON BRANCH**, or any of its holding companies, subsidiaries or affiliates, as ECA coordinator (the **ECA Coordinator**); and
- (13) **CITIBANK N.A., LONDON BRANCH**, as ECA agent (post-closing) (the **ECA Agent**),

IT IS AGREED as follows:

SECTION 1 - INTERPRETATION

1 Definitions and interpretation

1.1 Definitions

In this Agreement and (unless otherwise defined in the relevant Finance Document) the other Finance Documents:

Acceptable Charter means for any Ship, a charterparty, and if approved by the Required Lenders, any contract of affreightment entered into between the relevant Upstream Guarantor and an Acceptable Charterer at a monthly rate of at least \$680,000.

Acceptable Charterer means either (i) a charterer listed in Schedule 10 (*List of Acceptable Charterers*) or (ii) another charterer at the consent of the Administrative Agent (acting with the instructions of the Required Lenders), such consent not to be unreasonably withheld or delayed.

Account means any bank account, deposit or certificate of deposit opened, made or established in accordance with Clause 25 (*Bank accounts*).

Account Bank means, in relation to any Account, a Lender, an affiliate of a Lender or another bank or financial institution which is approved by the Administrative Agent at the request of the Borrower, such approval not to be unreasonably withheld or delayed.

Account Holder(s) means, in relation to any Account, the Borrower or each Upstream Guarantor in whose name that Account is held.

Account Security means, in relation to an Account, (i) a pledge by the relevant Account Holder(s) in favor of the Security Agent in Agreed Form conferring a Security Interest over that Account, and all of the funds maintained from time to time in that Account and, if needed, (ii) a control agreement entered into or to be entered into among relevant Account Holder(s), the Account Bank and the Security Agent in Agreed Form.

Accounting Reference Date means March 31 or such other date as may be approved by the Lenders.

Administrative Agent is defined in the preamble and includes any person who may subsequently be appointed as successor Administrative Agent under the Finance Documents.

Advance means each of the Ship 1 Advance, the Ship 2 Advance, the Ship 3 Advance, the Ship 4 Advance, the Ship 5 Advance, the Ship 6 Advance, the Ship 7 Advance, the Ship 8 Advance, the Ship 9 Advance, the Ship 10 Advance, the Ship 11 Advance, the Ship 12 Advance, the Ship 13 Advance, the Ship 14 Advance, the Ship 15 Advance, the Ship 16 Advance, the Ship 17 Advance, and the Ship 18 Advance and **Advances** means all of them, each of which shall be made available according to the Advance Allocation.

Advance Allocation means, in respect of each Advance, an allocation of such Advance in which (i) 32.862% of such Advance shall be the Commercial Tranche, (ii) 26.657% of such Advance shall be the KEXIM Guaranteed Tranche, (iii) 26.946% of such Advance shall be the KEXIM Funded Tranche, and (iv) 13.535% of such Advance shall be the K-sure Tranche.

Affiliate means, in relation to any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with such person or is a director or officer of such person, and for purposes of this definition, the term "**control**" (including the terms "**controlling**", "**controlled by**" and "**under common control with**") of a person means the possession, direct or indirect, of the

power to vote 50% or more of the Equity Interests of such person or to direct or cause direction of the management and policies of such person, whether through the ownership of Equity Interests, by contract or otherwise.

Age Adjusted Delivered Price means, in relation to Ship 1 and Ship 2, the Delivered Price of such Ship as adjusted to account for amortization from the Delivery Date of such Ship and as identified in Schedule 2 (*Ship Information*).

Agreed Form means in relation to any document, that document in the form approved by the Administrative Agent (acting with the consent of all the Lenders), the Swap Banks and K-sure (such approval not to be unreasonably withheld or delayed), or as otherwise approved in accordance with any other approval procedure specified in any relevant provision of any Finance Document (such approval not to be unreasonably withheld or delayed).

Anti-Bribery and Corruption Laws means the US Foreign Corrupt Practices Act of 1977 as amended and the rules and regulations thereunder (FCPA), the UK Bribery Act of 2010, and/or any similar laws, rules or regulations issued, administered or enforced by the United States, United Kingdom, the European Union or any of its member states, or any other country or Governmental Agency having jurisdiction over the Lenders or the Obligors

Approved Manager means, in relation to a Ship, the Approved Commercial Manager and the Approved Technical Manager.

Approved Commercial Manager means, in relation to a Ship, a Subsidiary of the Facility Guarantor, Dorian (Hellas) S.A., or any other manager acceptable to the Administrative Agent (acting with the instructions of the Required Lenders), provided that no change of commercial management shall be permitted without the prior written consent of the Required Lenders, such consent not to be unreasonably withheld or delayed.

Approved Pooling Arrangement shall mean the pooling arrangement with respect to any of the Ships pursuant to the pool agreement dated March 23, 2015, entered into between Helios LPG Pool LLC, as pool company, Phoenix Tankers Pte. Ltd., as member, and the Facility Guarantor, as member.

Approved Technical Manager means, in relation to a Ship, a Subsidiary of the Facility Guarantor, Dorian (Hellas) S.A., or any other manager acceptable to the Administrative Agent (acting with the instructions of the Required Lenders), provided that no change of technical management shall be permitted without the prior written consent of the Required Lenders, such consent not to be unreasonably withheld or delayed.

Approved Valuers means Fearnleys A.S., Clarksons Shipbroking Group, Braemar Seascope Ltd., Joachim Grieg & Co., or E.A. Gibson Shipbrokers Ltd., or any other experienced valuer mutually agreed by the Borrower and the Administrative Agent (acting with the instructions of the Required Lenders) in accordance with Clause 24.8 (*Approval of valuers*), such agreement not to be unreasonably withheld or delayed.

Auditors means Deloitte, Hadjipavlou, Sofianos & Campanis, Deloitte US, Ernst & Young, PricewaterhouseCoopers, KPMG or another firm mutually agreed by the Borrower and the Administrative Agent (acting with the instructions of the Required Lenders), such agreement not to be unreasonably withheld or delayed.

Basel III means, together:

- (a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring"

and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

- (b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

Benefit Plan means any employee benefit plan as defined in Section 3(3) of ERISA (whether governed by United States federal law or the law of another country) to or with respect to which any Obligor incurs or otherwise has any obligation or liability, direct or indirect, contingent or otherwise.

Borrower Change of Control means the Facility Guarantor ceases to maintain a 100% legal, beneficial and registered ownership interest in, and control of, the Borrower.

Break Costs means, other than with respect to the KEXIM Prepayment Fee, the amount of interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or Unpaid Sum to the last day of the current Interest Period in respect of the Loan or Unpaid Sum, had such principal amount of the Loan or Unpaid Sum received been paid on the last day of that Interest Period.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in New York, New York; London, United Kingdom; Hong Kong; Frankfurt am Main, Germany; and Seoul, South Korea.

Change in Law means (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 in either case made after the date of this Agreement. For the purposes of this Agreement, (a) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, (b) CRD IV, (c) CRR and (d) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Change in Law, regardless of the date enacted, adopted, issued or implemented.

Change of Control means:

- (i) in respect of the Borrower, a Borrower Change of Control;
- (ii) in respect of an Upstream Guarantor, an Upstream Guarantor Change of Control;
- (iii) in respect of the Facility Guarantor,
 - (A) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act), other than Seacor Holdings LLC, Dorian Holdings LLC or any individual director or individual officer who is holder of 5% or more of the Facility Guarantor's equity interests as of the Closing Date, becomes the ultimate "beneficial owner" (as defined in Rule 13(d)-3 under the Exchange Act and including by reason of any change in the ultimate "beneficial ownership" of the Equity Interests of the Facility Guarantor) of more than 33% of the total voting

power of the Voting Stock of the Facility Guarantor (calculated on a fully diluted basis); or

(B) individuals who at the beginning of any period of two (2) consecutive calendar years constituted the Board of Directors or equivalent governing body of the Facility Guarantor (together with any new directors (or equivalent) whose election by such Board of Directors or equivalent governing body or whose nomination for election was approved by a vote of at least two-thirds of the members of such Board of Directors or equivalent governing body then still in office who either were members of such Board of Directors or equivalent governing body at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason (other than as a result of compliance with NYSE rules on independent directors) to constitute at least 50% of the members of such Board of Directors or equivalent governing body then in office; or

(iv) Mr. John Hadjipateras ceases to be a director of the Facility Guarantor.

Charter Assignment means, in relation to a Ship, a first priority charter assignment by the relevant Upstream Guarantor of its interest in any Long Term Charter and its other Charter Documents in favor of the Security Agent in Agreed Form and to be notified to the relevant Charterer, with the Borrower having used commercially reasonable efforts to ensure such assignment is acknowledged by the relevant Charterer.

Charter Documents means, in relation to a Ship, the Long Term Charter of that Ship, any documents supplementing it and any guaranty or security given by any person for the relevant charterer's obligations under it.

Classification means, in relation to a Ship, the highest classification available to vessels of this type (or, if applicable, being on the date of this Agreement the classification specified in respect of such Ship in Schedule 2 (*Ship information*)) with the relevant Classification Society or another classification approved by the Administrative Agent, upon the instruction of the Required Lenders, as its classification, at the request of the relevant Upstream Guarantor, such approval not to be unreasonably withheld or delayed.

Classification Letter means, in relation to a Ship, the instruction letter in the form set out in Schedule 5 (*Form of Classification Letter*) or in such other approved form.

Classification Society means, in relation to a Ship, any of Det Norske Veritas (DNV), American Bureau of Shipping (ABS), Lloyd's Register (LR), Nippon Kaiji Kyokai (NK), Bureau Veritas (BV) or such other first-class vessel classification society that is a member of IACS that the Administrative Agent may, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed) approve from time to time.

Closing Date means the date of this Agreement.

Code means the Internal Revenue Code of 1986 of the United States of America, as amended from time to time, and the regulations promulgated thereunder.

Collateral means all of the assets of the Obligors which from time to time are, or are expressed or intended to be, the subject of the Security Documents.

Commercial Lenders is defined in the preamble.

Commercial Tranche means the commercial term loan equal, in aggregate, to a maximum principal amount of \$249,122,048.

Commercial Tranche Commitments means, in relation to an Original Lender, the amount set forth opposite its name in Schedule 11 (*Tranches and Commitments*) in respect of the Commercial Tranche, or, in relation to any other Lender, such amount assigned to it under this Agreement in respect of the Commercial Tranche; to the extent not cancelled, reduced or assigned by it under this Agreement.

Commission or SEC means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act.

Commitment means, with respect to each of the Commercial Tranche, the KEXIM Guaranteed Tranche, the KEXIM Funded Tranche and the K-sure Tranche:

- (a) in relation to an Original Lender, the amount set opposite its name under the relevant tranche heading in Schedule 11 (*Tranches and Commitments*) and the amount of any other Commitment assigned to it under this Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment assigned to it under this Agreement

to the extent not cancelled, reduced or assigned by it under this Agreement.

Commodity Exchange Act means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

Compliance Certificate means a certificate substantially in the form set out in Schedule 9 (*Form of Compliance Certificate*).

Confirmation shall have, in relation to any Hedging Transaction, the meaning given to it in the Hedging Master Agreement.

Constitutional Documents means, in respect of an Obligor, its articles of incorporation and by-laws, certificate of formation and limited liability company operating agreement, or other constitutional documents including as referred to in any certificate relating to an Obligor delivered pursuant to Schedule 3 (*Conditions precedent*).

Contingent Extras means, in relation to a Ship (other than Ship 1 and Ship 2), the amount of unforeseen costs, expenses and extras under the relevant Shipbuilding Contract that may arise between the Closing Date and the Delivery Date of such Ship, provided that the aggregate of Contingent Extras shall not exceed \$2,336,364.

CRD IV means Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC.

CRR means Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012.

Default means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, a determination having been made under the Finance Documents or any combination of them) be an Event of Default.

Defaulting Lender means any Lender:

- (a) which has failed to make its participation in an Advance available (or has notified the Administrative Agent or the Borrower (which has notified the Administrative Agent) that it will

not make its participation in an Advance available) by the Utilization Date of that Loan in accordance with Clause 5.4 (*Lenders' obligation*);

- (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 Payment Disruption Event; and,payment is made within three (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.

Delivered Price means, in relation to a Ship, the Contract Price, Extras (as such terms are defined in the Shipbuilding Contract) and Contingent Extras, but up to a maximum Delivered Price per Ship as specified in Schedule 2 (*Ship information*).

Delivery means, in relation to a Ship, the delivery to and acceptance of such Ship by the relevant Upstream Guarantor under the relevant Shipbuilding Contract.

Delivery Date means, in relation to a Ship, the date on which its Delivery occurs.

Demand Date means the date on which the ECA Agent shall have properly documented its demand on KEXIM for payment in accordance with the procedures of the KEXIM Guarantee.

Disposal Repayment Date means in relation to:

- (a) a Total Loss of a Mortgaged Ship, the applicable Total Loss Repayment Date; and
- (b) a sale of a Mortgaged Ship by the relevant Upstream Guarantor, the date upon which such sale is completed by the transfer of title to the purchaser in exchange for payment of all or part of the relevant purchase price.

Earnings means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Upstream Guarantor owning that Ship or the Security Agent and which arise out of the use or operation of that Ship, including (but not limited to):

- (a) except to the extent that they fall within paragraph (b):
 - (i) all freight, hire and passage moneys;
 - (ii) compensation payable to the Upstream Guarantor owning that Ship 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; and
 - (vi) all moneys which are at any time payable under Insurances in respect of loss of hire; and
- (b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) 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.

Earnings Account means any Account designated as an "**Earnings Account**" under Clause 25.1 (*Earnings Accounts*).

ECA Agent is defined in the preamble.

ECAs means KEXIM and K-sure (individually, each an **ECA**).

EDGAR means the Electronic Data Gathering, Analysis and Retrieval System maintained by the SEC.

Eligible Contract Participant means an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder.

Environmental Claims means:

- (a) enforcement, clean-up, removal or other governmental or regulatory action or orders or claims instituted or made pursuant to any Environmental Laws or resulting from a Spill; or
- (b) any claim made by any other person relating to a Spill.

Environmental Incident means:

- (a) any Spill from any Ship;
- (b) any incident in which there is a Spill and which involves a collision or allision between a Ship and another vessel or object, or some other incident of navigation or operation, in any case, in connection with which such Ship is actually or potentially liable to be arrested, attached, detained or injuncted, or where such Ship, any Obligor or any operator or manager of the Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which there is a Spill otherwise than from a Ship and in connection with which such Ship is actually or potentially liable to be arrested, or where such Ship, any Obligor or any operator or manager of such Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

Environmental Laws means all laws, regulations and conventions concerning pollution or protection of human health or the environment.

Equity Interests of any person means:

- (a) any and all shares and other equity interests (including common stock, preferred stock, limited liability company interests and partnership interests) in such person; and

- (b) all rights to purchase, warrants or options or convertible debt (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such shares or other interests in such person.

ERISA means the Employee Retirement Income Security Act of 1974 as amended from time to time and the regulations promulgated thereunder.

ERISA Affiliate means, collectively, any Obligor and any person under common control or treated as a single employer with, any Obligor, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

ERISA Event means any of the following:

- (a) a reportable event described in Section 4043(b) of ERISA (or, unless the 30-day notice requirement has been duly waived under the applicable regulations, Section 4043(c) of ERISA) with respect to a Title IV Plan;
- (b) the withdrawal of any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA;
- (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan;
- (d) with respect to any Multiemployer Plan, the filing of a notice of reorganization, insolvency or termination (or treatment of a plan amendment as termination) under Section 4041A of ERISA;
- (e) the filing of a notice of intent to terminate a Title IV Plan (or treatment of a plan amendment as termination) under Section 4041 of ERISA;
- (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by any Obligor;
- (g) the failure to make any required contribution to any Title IV Plan or Multiemployer Plan when due, which is not corrected within 30 days after the due date;
- (h) the imposition of a lien under Section 412 or 430(k) of the Code or Section 303 or 4068 of ERISA on any property (or rights to property, whether real or personal) of any ERISA Affiliate;
- (i) the revocation by the IRS of the qualified or tax-exempt status of a Benefit Plan or any trust thereunder intended to qualify for tax exempt status under Section 401 or 501 of the Code or other requirements of law;
- (j) a Title IV plan is in "at risk" status within the meaning of Code Section 430(i);
- (k) a Multiemployer Plan is in "endangered status" or "critical status" within the meaning of Section 432(b) of the Code; and
- (l) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of any material liability upon any ERISA Affiliate under Title IV of ERISA.

Event of Default means any event or circumstance specified as such in Clause 28 (*Events of Default*).

Exchange Act means the United States Securities Exchange Act of 1934, as amended from time to time, and any successor act thereto, and (unless the context otherwise requires) the rules and regulations of the Commission promulgated thereunder.

Excluded Hedging Liabilities means, with respect to any Obligor individually determined on an Obligor by Obligor basis, any Hedging Liabilities if, and to the extent that, all or a portion of the Hedging Liabilities of such Obligor of, or the grant by such Obligor of security to secure, such Hedging Liabilities (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Obligor's failure for any reason to constitute an Eligible Contract Participant at the time such Obligor's guaranty of such Hedging Liabilities or the grant of such security becomes effective with respect to such Hedging Liabilities. If Hedging Liabilities arise under a master agreement governing more than one hedging transaction, such exclusion shall apply only to the portion of such Hedging Liabilities that are attributable to hedging transactions for which such guaranty or security is or becomes illegal.

Existing Lender has the meaning given to such term in Clause 30.1 (*Assignments by the Lenders*).

Facility means the term loan facility made available under this Agreement as described in Clause 2 (*the Facility*).

Facility Office means:

- (a) in respect of a Lender, the office notified by that Lender to the Administrative Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five (5) Business Days' written notice) as the office through which it will perform its obligations under this Agreement; and
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

Facility Period means the period from and including the Closing Date to and including the date on which the Total Commitments have been reduced to zero and all indebtedness of the Obligors under the Finance Documents has been fully paid and discharged.

Fair Market Value means, in relation to a Ship, the value of such Ship determined in accordance with Clause 24 (*Minimum security value*).

FATCA means Sections 1471 through 1474 of the Code and any regulations thereunder issued by the United States Treasury, or any legally effective official interpretations or administrative guidance relating thereto.

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), July 1, 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), January 1, 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, January 1, 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 any Finance Document required by or under FATCA.

FATCA Exempt Party means a FATCA Relevant Party who is entitled under FATCA to receive payments free from any FATCA Deduction.

FATCA Non-Exempt Party means a FATCA Relevant Party who is not a FATCA Exempt Party.

FATCA Relevant Party means each Finance Party and each Obligor.

Fee Letter means any letter, as amended from time to time, relating to the Facility entered into or to be entered into by the parties thereto setting out any of the fees referred to in this Agreement (subject to the limitations set out in Clause 16.1 (*Transaction expenses*)).

Final Repayment Date in relation to each Advance, subject to Clause 36.7 (*Business Days*), means (except that, if such date would otherwise fall on a day which is not a Business Day, it will instead be on the immediately preceding Business Day):

- (a) with respect to the Commercial Bank Tranche, the date falling on the seventh (7th) anniversary of the Closing Date;
- (b) with respect to the KEXIM Guaranteed Tranche applicable to each Advance, the date falling on the twelfth anniversary of the Delivery Date of such Ship;
- (c) with respect to the KEXIM Funded Tranche applicable to each Advance, the date falling on the twelfth anniversary of the Delivery Date of such Ship; and
- (d) with respect to the K-sure Tranche applicable to each Advance, the date falling on the twelfth anniversary of the Delivery Date of such Ship.

Finance Documents means this Agreement, any Fee Letter, the Security Documents, any Hedging Contracts, any Hedging Master Agreement, any Utilization Request, any Substitution Certificate and any other document (whether creating a Security Interest or not) which is executed at any time by any person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders and/or the Swap Banks under this Agreement or any of the other documents referred to in this definition or which is entered or to be entered into by any Obligor and is designated as a Finance Document under and for the purposes of this Agreement.

Finance Party means a Bookrunner, a Mandated Lead Arranger, a Swap Bank, a Lender, the Administrative Agent, the Security Agent (in its capacity as security agent for and on behalf of the Finance Parties) and the ECA Agent.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed (including principal, interest and other sums related to such principal and interest) and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or under any acceptance credit or other equivalent facility;

- (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 Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the negative marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account), it being understood and agreed that any positive marked to market value shall reduce the Financial Indebtedness accordingly;
- (g) any counter-indemnity obligation in respect of a guaranty, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (i) any amount raised under any other transaction (including any forward sale or purchase sale and sale back, sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under GAAP; and
- (j) the amount of any liability in respect of any guaranty or indemnity for any of the items referred to in paragraphs (a) to (i) above.

First Repayment Date means, in relation to each Advance, the date falling three (3) months after the Utilization Date for the Ship 1 Advance or a date falling at three (3) monthly intervals thereafter; provided that, to the extent necessary, the First Repayment Date for each Advance other than the Ship 1 Advance shall be lengthened so that it falls on the next succeeding Repayment Date for the Ship 1 Advance so that it is at least ninety (90) days after the making of such Advance.

Flag State means, in relation to a Ship, the country specified in respect of such Ship in Schedule 2 (*Ship information*), or such other state or territory as may be approved by the Security Agent (acting on the instructions of the Required Lenders), such approval not to be unreasonably withheld or delayed), at the request of the relevant Upstream Guarantor, as being the "**Flag State**" of such Ship for the purposes of the Finance Documents; it being understood and agreed by the parties that The Commonwealth of the Bahamas, the Republic of the Marshall Islands, the Republic of Liberia and Greece are acceptable Flag States.

Fleet Vessel means each Mortgaged Ship and any other vessel owned by any Obligor or Subsidiary of the Borrower.

Foreign Benefit Plan shall mean any plan, fund (including any superannuation fund) or other similar program established or maintained outside the United States of America by any Obligor, with respect to which such Obligor has an obligation to contribute for the benefit of its employees.

GAAP means generally accepted accounting principles in the United States and includes, for the avoidance of doubt, any change in GAAP from time to time.

General Assignment means, in relation to a Ship, a first assignment of its interest in the Ship's Insurances, Earnings, Requisition Compensation and Management Agreements by the relevant Upstream Guarantor in favor of the Security Agent in Agreed Form, and in the case of the assignment of its interest in the Ship's Insurances, together with a notification to the relevant insurers.

Guaranties means each irrevocable and unconditional on first demand guaranty entered into by a Guarantor in favor of the Security Agent guaranteeing the obligations of each other Obligor under this Agreement, any Hedging Master Agreement and any other Finance Documents in Agreed Form.

Hedging Contract means any Hedging Transaction between the Borrower and a Swap Bank pursuant to any Hedging Master Agreement and includes any Hedging Master Agreement and any Confirmations from time to time exchanged under it and governed by its terms relating to that Hedging Transaction and any contract in relation to such a Hedging Transaction constituted and/or evidenced by them and **Hedging Contracts** means all of them.

Hedging Contract Security means a first priority assignment or other instrument by the Borrower in favor of the Security Agent in the Agreed Form conferring a Security Interest over any Hedging Contracts.

Hedging Liabilities means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

Hedging Master Agreement means any agreement made or (as the context may require) to be made between the Borrower and a Swap Bank comprising an ISDA Master Agreement and the Schedule thereto in the Agreed Form and otherwise on terms approved by all the Lenders.

Hedging Transaction has, in relation to any Hedging Master Agreement, the meaning given to the term "Transaction" in that Hedging Master Agreement.

Holding Company means a company or corporation which:

- (a) directly or indirectly controls a Subsidiary; or
- (b) is entitled to receive more than 50% of the dividends or distributions on the Equity Interests of such Subsidiary.

Increase Confirmation means a confirmation substantially in the form set out in Schedule 8 (*Form of Increase Confirmation*).

Increase Lender has the meaning given to that term in Clause 2.2 (*Increase*).

Increased Costs has the meaning given to that term in Clause 13.1(b) (*Increased Costs*).

Indemnified Person means:

- (a) each Finance Party and any attorney, agent or other person appointed by them under the Finance Documents and K-sure;
- (b) each Affiliate of those persons; and
- (c) any directors, officers, employees, representatives or agents of any of the above persons.

Insolvency Event in relation to any person means:

- (a) such person shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or
- (b) any proceeding shall be instituted by or against such person seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and solely in case of an involuntary proceeding:
 - (i) such proceeding shall remain undismissed or unstayed for a period of 45 days; or
 - (ii) any of the actions sought in such involuntary proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur.

Initial Valuations has the meaning given to such term in Clause 24.2(a) (*Valuation frequency*).

Insurance Notice means, in relation to a Ship, a notice of assignment in the form scheduled to its General Assignment or in another form approved by the Security Agent.

Insurances means, in relation to a Ship:

- (a) all policies and contracts of insurance; and
- (b) all entries in a protection and indemnity or war risks or other mutual insurance association,

in the name of the Ship's owner or the joint names of its owner and any other person in respect of or in connection with the Ship and/or its owner's Earnings from the Ship and includes all benefits thereof (including the right to receive claims and to return of premiums).

Interbank Market means the London Interbank market.

Interest Period means, in relation to each Advance, each period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

Interpolated Screen Rate means, in relation to LIBOR for the Loan or any part of it, the rate (rounded to the same number of decimal places as the two (2) relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the relevant Interest Period of that Loan or relevant part of it; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant Interest Period of that Loan or relevant part of it,

each as of 11:00 a.m. London time on the Quotation Day for the currency of that Loan or relevant part of it.

IRS means the US Internal Revenue Service or any successor agency.

ISM Code means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention constituted pursuant to Resolution A.741(18) of the International Maritime Organization and incorporated into the Safety of Life at Sea Convention and includes any amendments or extensions thereto and any regulation issued pursuant thereto.

ISPS Code means the International Ship and Port Facility Security Code adopted by the International Maritime Organization, as the same may be amended from time to time).

KEXIM is defined in the preamble.

KEXIM Funded Tranche means the KEXIM-funded tranche equal, in aggregate, to a maximum principal amount of \$204,280,079.

KEXIM Funded Tranche Commitments means, in relation to an Original Lender, the amount set forth opposite its name in Schedule 11 (*Tranches and Commitments*) in respect of the KEXIM Funded Tranche, or, in relation to any other Lender, such amount assigned to it under this Agreement in respect of the KEXIM Funded Tranche; to the extent not cancelled, reduced or assigned by it under this Agreement.

KEXIM Guarantee means an absolute, irrevocable and unconditional on first demand guaranty entered into by KEXIM in the maximum principal amount of \$202,087,805 plus interest in favor of the KEXIM Lenders, guaranteeing the obligations of the Borrower, in form and substance satisfactory to the ECA Agent (acting on the instructions of the KEXIM Lenders).

KEXIM Guaranteed Loan means the Advances made available by the KEXIM Lenders subject to the terms of the KEXIM Guarantee.

KEXIM Guaranteed Tranche means the KEXIM guaranteed tranche equal, in aggregate, to a maximum principal amount of \$202,087,805, which includes the KEXIM Premium.

KEXIM Guaranteed Tranche Commitments means, in relation to an Original Lender, the amount set forth opposite its name in Schedule 11 (*Tranches and Commitments*) in respect of the KEXIM Guaranteed Tranche, or, in relation to any other Lender, such amount assigned to it under this Agreement in respect of the KEXIM Guaranteed Tranche; to the extent not cancelled, reduced or assigned by it under this Agreement.

KEXIM Lenders is defined in the preamble.

KEXIM Matters means all communications and dealings with KEXIM in connection with the KEXIM Guarantee, any Finance Document, the Borrower and/or any other Obligor or any matters relating thereto (including, without limitation, obtaining any approvals and/or instructions from KEXIM).

KEXIM Premium means such percentage of the KEXIM Guaranteed Tranche as specified in the relevant Fee Letter. The KEXIM Premium shall be payable from the proceeds of the KEXIM Guaranteed Tranche in relation to each Advance simultaneously with the date of Utilization of that Advance.

KEXIM Prepayment Fee means a prepayment fee of 50 basis points (one half of one percent) of the prepaid and/or cancelled amounts under the KEXIM Funded Tranche.

K-sure means Korea Trade Insurance Corporation.

K-sure Lenders is defined in the preamble.

K-sure Matters means all communications and dealings with K-sure in connection with each K-sure Insurance Policy, any Finance Document, the Borrower and/or any other Obligor or any matters relating thereto (including, without limitation, obtaining any approvals and/or instructions from K-sure);

K-sure Insurance Policy means, in respect of each Ship, the policy of the Medium and Long Term Export Insurance Policy, incorporating (i) the General Terms and Conditions of Medium and Long Term Export Insurance (Buyer's Credit, Standard Type) and (ii) the special terms and conditions attached thereto, and issued or to be issued by K-sure providing political and commercial risk cover in an amount of up to ninety-five percent (95%) of the Advances with respect to the K-sure Tranche (including, for the avoidance of doubt, the K-sure Premium) outstanding from time to time and accrued interest thereunder.

K-sure Premium means, subject to Clause 11.5 (*K-sure Premium*), 2.977% of the uncanceled K-sure Tranche (calculated as the K-sure Tranche minus the K-sure Premium), as calculated and confirmed by K-sure. The K-sure Premium shall be payable from the proceeds of the K-sure Tranche in relation to each Advance simultaneously with the date of Utilization of that Advance. The K-sure Premium, once paid, will not be refundable except in accordance with the relevant K-sure Insurance Policy and K-sure's internal regulations.

K-sure Tranche means the K-sure covered tranche equal, in aggregate, to a maximum principal amount of \$102,615,364, which includes the K-sure Premium.

K-sure Tranche Commitments means, in relation to an Original Lender, the amount set forth opposite its name in Schedule 11 (*Tranches and Commitments*) in respect of the K-sure Tranche, or, in relation to any other Lender, such amount assigned to it under this Agreement in respect of the K-sure Tranche; to the extent not cancelled, reduced or assigned by it under this Agreement.

Last Availability Date means, in relation to (a) Ship 1 and Ship 2 (as described in Schedule 2 (*Ship information*)), the date falling five (5) Business Days after the Closing Date and (b) in relation to each Ship other than Ship 1 and Ship 2 (as described in Schedule 2 (*Ship information*)), the earlier of (i) the relevant Delivery Date of such Ship, (ii) the date falling six (6) months after the Scheduled Delivery Date for such Ship (as set forth in Schedule 2 (*Ship information*)), and (iii) the date the relevant Shipbuilding Contract is cancelled (or in any case, such later date as may be approved in writing by all of the Lenders), except that, if such date would otherwise fall on a day which is not a Business Day, it will instead be on the immediately preceding Business Day.

Legal Opinion means any legal opinion delivered to the Administrative Agent on behalf of the Lenders under Clause 4 (*Conditions of Utilization*) and **Legal Opinions** means all of them.

Legal Reservations means:

- (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally (including without limitation all laws relating to fraudulent transfers) and (ii) possible judicial action giving effect to governmental actions or foreign laws affecting creditors' rights;
- (b) the effect of general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law); and
- (c) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

Lender means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 2.2 (*Increase*), Clause 30 (*Changes to the Lenders*) or Clause 41.8 (*Replacement of a Defaulting Lender*),

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement.

Lending Office means, with respect to any Original Lender, the office of such Lender specified as its "Facility Office" under its name on Schedule 1 (*The original parties*), or in relation to any other Lender, the lending office designated by such Lender when it was assigned rights under this Agreement, or such other office of such Original Lender or Lender as each may from time to time specify to the Borrower and the Administrative Agent.

LIBOR means, in relation to the Loan or any part of it or any Unpaid Sum:

- (a) the applicable Screen Rate;
- (b) if no Screen Rate is available for the relevant currency or the relevant Interest Period of that Loan or relevant part of it the Interpolated Screen Rate for that Loan or relevant part of it; or
- (c) if:
 - (i) no Screen Rate is available for the relevant currency of that Loan or relevant part of it; or
 - (ii) no Screen Rate is available for the relevant Interest Period of that Loan or relevant part of it and it is not possible to calculate an Interpolated Screen Rate for that Loan or relevant part of it,

the Reference Bank Rate, as of, in the case of paragraphs (a) and (c) above, 11:00 a.m. London time on the Quotation Day for a period equal in length to the Interest Period of the Loan or relevant part of it or Unpaid Sum and, if that rate is less than zero, LIBOR shall be deemed to be zero.

Liquidity Reserve Required Balance means an amount at least equal to the higher of (a) the aggregate of (i) \$25,000,000 and (ii) \$1,100,000 for each delivered vessel in the Facility Guarantor's fleet and (b) 5% of consolidated interest bearing debt outstanding of the Facility Guarantor and its Subsidiaries.

Loan means the aggregate of the Advances made or to be made under the Facility or the aggregate principal amount of the Advances outstanding for the time being.

London Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

Long Term Charter means, in relation to a Ship, any Acceptable Charter or other charter with a term of thirteen (13) months or longer (including extension options).

Loss Payable Clauses means, in relation to a Ship, the provisions concerning payment of claims under the Ship's Insurances in the form scheduled to such Ship's General Assignment or in another approved form.

Losses means any costs, expenses (including any fees and expenses of legal counsel, subject to the relevant limitations set out in Clause 16.1 (*Transaction expenses*)), payments, charges, losses, liabilities, penalties, fines and other monetary damages, judgments, orders or other sanctions.

Major Casualty means any casualty to a Ship for which the total insurance claim, inclusive of any deductible, exceeds or may exceed the Major Casualty Amount.

Major Casualty Amount means, in relation to a Ship, the amount specified as such in Schedule 2 (*Ship information*) or the equivalent in any other currency.

Management Agreement means, in relation to a Ship, the management agreements referred to in Schedule 3 Part 2 Clause 11 (*Management Agreements*).

Manager's Undertaking and Subordination means, in relation to a Ship, an undertaking by any Approved Manager of that Ship, including, without limitation, an assignment of the interests of the manager in the insurances and a subordination undertaking, to the Security Agent in Agreed Form.

Margin means:

- (a) in relation to the Commercial Tranche: 2.75% per annum. However, the applicable Margin of the Commercial Tranche will be determined on a quarterly basis starting from the Closing Date. If the following conditions are applicable, the applicable Margin for any quarter in respect of the Commercial Tranche will be as follows:
 - (i) if the average remaining tenor on the Acceptable Charters is greater than one (1) year;
 - (ii) if within ten (10) Business Days before the first day of the quarter, the Facility Guarantor delivers to the Administrative Agent a certificate identifying the number of Ships employed on Acceptable Charters in the form specified in Schedule 12 (*Margin Certificate*); and
 - (iii) (1) 50% or more but less than 75% of the Ships are employed on Acceptable Charters, the applicable Margin shall be 2.50% per annum; or
 - (2) 75% or more of Ships are employed on Acceptable Charters, the applicable Margin shall be 2.25% per annum.
- (b) in relation to the KEXIM Guaranteed Tranche: 1.40% per annum.
- (c) in relation to the KEXIM Funded Tranche: 2.45% per annum.
- (d) in relation to the K-sure Tranche: 1.50% per annum.

Material Adverse Change means, in the reasonable opinion of the Lenders acting in good faith, a change in the financial condition of the Facility Guarantor, on a consolidated basis which would materially prejudice the successful and timely performance of the material payment obligations under any of the Finance Documents.

Minimum Value means at any time up until the end of the Facility Period, the amount in dollars which is at that time 135% of the outstanding Loan.

Money Laundering has the meaning given to it in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council of the European Union.

Mortgage means, in relation to a Ship, a first preferred or priority mortgage (and, if applicable, a deed of covenants collateral thereto) of such Ship by the relevant Upstream Guarantor in favor of the Security Agent in Agreed Form.

Mortgage Period means, in relation to a Mortgaged Ship, the period from the date the Mortgage over that Ship is executed and recorded until the date such Mortgage is released and discharged or, if earlier, its Total Loss Date.

Mortgaged Ship means, at any relevant time, any Ship which is subject to a Mortgage.

Multiemployer Plan means any multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to or with respect to which any ERISA Affiliate incurs or otherwise has any obligation or liability, direct or indirect, contingent or otherwise.

Non-indemnified Tax means:

- (a) any tax on the net income of a Finance Party (but not a tax on gross income or individual items of income), whether collected by deduction or withholding or otherwise, which is levied by a taxing jurisdiction which:
 - (i) is located in the country under whose laws such entity is formed (or in the case of a natural person is a country of which such person is a citizen); or
 - (ii) with respect to any Lender, is located in the country of its Lending Office; or
 - (iii) with respect to any Finance Party other than a Lender, is located in the country from which such party has originated its participation in this transaction; and
- (b) with respect to any FATCA Non-Exempt Party, any FATCA Deduction made on account of a payment to such FATCA Non-Exempt Party;

Obligors means the Borrower and the Guarantors and **Obligor** means any one of them at any time.

Original Financial Statements means the unaudited financial statements of the Facility Guarantor for the financial quarter ended December 31, 2014.

Original Lender is defined in the Preamble.

Original Obligor means each party to this Agreement and the Original Security Documents (other than the Finance Parties).

Original Security Documents means:

- (a) the Mortgages;
- (b) the General Assignments;
- (c) the Share Security;
- (d) any Charter Assignment;
- (e) any Manager's Undertakings and Subordinations;
- (f) the Account Security;
- (g) the Guaranties; and
- (h) the Hedging Contract Security.

Party means a party to this Agreement.

Payment 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.

Permitted Maritime Liens means, in relation to any Mortgaged Ship:

- (a) any ship repairer's or outfitter's possessory lien in respect of such Mortgaged Ship for an amount not exceeding the Major Casualty Amount;
- (b) any lien on such Mortgaged Ship for master's, officer's or crew's wages outstanding in accordance with usual maritime practice;
- (c) any lien for master's disbursements incurred in the ordinary course of trading, provided such liens do not secure amounts more than 30 days overdue (unless the amount is being contested by the Obligor in good faith by appropriate steps);
- (d) any lien on such Mortgaged Ship for collision or salvage;
- (e) liens in the aggregate amount of \$1,000,000 or any other greater amount approved by all the Lenders, in favor of suppliers of necessities or other similar liens arising in the ordinary course of its trading (including, without limitation, any liens incurred in connection with regular dry docking), accrued for not more than ninety (90) days (unless any such lien is being contested in good faith and by appropriate proceedings or other acts and the relevant Upstream Guarantor shall have set aside on its books adequate reserves in accordance with GAAP with respect to such lien and so long as such deferment in payment shall not subject its Ship to forfeiture or loss);
- (f) liens in the aggregate amount of \$1,000,000 or any other amount approved by all the Lenders for loss, damage or expense which are not fully covered by Insurance, subject to applicable deductibles satisfactory to the Administrative Agent, or in respect of which a bond or other security has been posted by or on behalf of the relevant Upstream Guarantor with the appropriate court or other tribunal to prevent the arrest or secure the release of the Ship from arrest;
- (g) liens for taxes or assessments or other governmental charges not yet due and payable or which are being contested in good faith by appropriate steps and in respect of which the Upstream Guarantor shall have set aside on its books adequate reserves in accordance with

GAAP with respect to such lien and so long as such deferment in payment shall not subject its Ship to forfeiture or loss;

- (h) any other lien arising by operation of law or otherwise in the ordinary course of operation, repair or maintenance of a Mortgaged Ship that does not subject its Ship to forfeiture or loss;
- (i) pledges of certificates of deposit or other cash collateral securing any Obligor's reimbursement obligations in connection with letters of credit now or hereafter issued for the account of such Obligor in connection with the establishment of the financial responsibility of such Obligor under 33 C.F.R. Part 130 or 46 C.F.R. Part 540, as the case may be, as the same may be amended or replaced; and
- (j) Security Interests for loss, damage or expense which are fully covered by insurance, subject to applicable deductibles satisfactory to the Administrative Agent.

Permitted Security Interests means, in relation to any Collateral, any Security Interest over it which is:

- (a) granted by the Finance Documents;
- (b) a Permitted Maritime Lien; or
- (c) is approved by the Required Lenders.

Pertinent Jurisdiction, in relation to a company, means:

- (a) the jurisdiction under the laws of which the company is incorporated or formed;
- (b) a jurisdiction in which the company has its principal place of business or in which the company's central management and control is or has recently been exercised;
- (c) a jurisdiction in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;
- (d) a jurisdiction in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; or
- (e) a jurisdiction the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company whether as a main or territorial or ancillary proceedings or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (a) or (b) above.

Pollutant means and includes crude oil and its products, any other polluting, toxic or hazardous substance and any other substance whose release into the environment is regulated or penalized by Environmental Laws.

Prepayment Allocations means (a) 32.862% towards the Commercial Tranche, (b) 13.535% towards the K-sure Tranche and (c) 53.603%, at the option of the Facility Guarantor, between the KEXIM Guaranteed Tranche and the KEXIM Funded Tranche, provided that following a prepayment pursuant to Clause 7.1 (*Illegality*), such percentages shall be adjusted accordingly.

Prepayment Fees means the fees set out in Clause 11.3 (*KEXIM Prepayment Fee*).

Qualified ECP Guarantor means, in respect of any Hedging Liabilities, each Obligor that has total assets exceeding \$10,000,000 at the time the relevant guaranty or grant of the relevant Security Document becomes effective with respect to such Hedging Liabilities or such other person or entity as constitutes an Eligible Contract Participant and can cause another person or entity to qualify as an Eligible Contract Participant at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Quotation Day means, in relation to any period for which an interest rate is to be determined two (2) London Business Days before the first day of that period unless market practice differs in the Interbank Market for a currency, in which case the Quotation Day for that currency shall be determined by the Administrative Agent in accordance with market practice in the Interbank Market (and if quotations would normally be given by leading banks in the Interbank Market on more than one day, the Quotation Day will be the last of those days).

RBS Facility Agreement means a facility agreement dated July 29, 2013 and entered into between (i) CJNP LPG Transport LLC, CMNL LPG Transport LLC, CNML LPG Transport LLC and CORSAIR LPG Transport LLC as borrowers (ii) the Facility Guarantor as parent guarantor and (iii) The Royal Bank of Scotland plc as arranger, facility agent and security agent.

Reference Banks means ABN AMRO Capital USA LLC, ING Bank N.V., London Branch and DVB Bank SE, or such other banks as may be appointed by the Administrative Agent in consultation with the Borrower.

Reference Bank Rate means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request by the Reference Banks in relation to LIBOR, as the rate at which the relevant Reference Bank could borrow funds in the London interbank market, in the relevant currency and 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.

Registry means, in relation to each Ship, such registrar, commissioner or representative of the relevant Flag State who is duly authorized and empowered to register the relevant Ship, the relevant Upstream Guarantor's title to such Ship and the relevant Mortgage under the laws of its Flag State.

Release Date means, in respect of each Advance, the date on which such Advance is released to the relevant Shipyard and/or its financial institution.

Relevant Jurisdiction means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation;
- (b) any jurisdiction where any Collateral owned by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) any jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

Repayment Date means in relation to an Advance:

- (a) the First Repayment Date;
- (b) each of the dates falling at three (3) monthly intervals thereafter up to, but not including, the Final Repayment Date; and

(c) the Final Repayment Date.

Repeating Representations means each of the representations and warranties set out in Clauses 17.1 (*Status*) to 17.17 (*Security and Financial Indebtedness*), 17.19 (*Legal and beneficial ownership*), 17.20 (*Shares*), 17.22 (b) (*No Adverse Consequences*), 17.24 (*No breach of Charter Documents*), 17.25 (*No immunity*) 17.28 (*Compliance*), 17.29 (*Employees*), 17.30 (*ERISA Compliance*), 17.31 (*No Money Laundering*) and 17.32 (*Anti-Bribery and Corruption Laws*).

Required Lenders means Lenders having in aggregate outstanding principal amounts and available commitments in excess of 66^{2/3}% provided that any Required Lenders' decision shall always include at least one Commercial Lender. For the avoidance of doubt, KEXIM alone shall not constitute a percentage in excess of 66^{2/3}% for any Required Lenders' decision.

Requisition Compensation means, in relation to a Ship, any compensation paid or payable by a government entity for the requisition for title, confiscation or compulsory acquisition of such Ship.

Restricted Person means a person that is:

- (a) listed on, or owned or controlled by a person listed on any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide Sanctions (including, at the date of this Agreement, Cuba, Burma/Myanmar, Iran, North Korea, Sudan, Syria, and the Crimea region of Ukraine); or
- (c) otherwise a target of Sanctions.

Sanctions means any economic or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by:

- (a) the United States;
- (b) the United Nations;
- (c) the European Union ("EU") or any of its Member States;
- (d) any country to which any Obligor or Lender, by reason of its participation in this transaction, is bound; or
- (e) the respective governmental institutions and agencies of any of the foregoing, including without limitation, the Office of Foreign Assets Control of the US Department of Treasury (**OFAC**), the United States Department of State, and Her Majesty's Treasury (**HMT**) (together **Sanctions Authorities**).

Sanctions List means the "Specially Designated Nationals and Blocked Persons" list issued by OFAC, the Consolidated United Nations Security Council Sanctions list maintained by the United Nations Security Council, the Consolidated List of Persons and Entities Subject to Financial Sanctions maintained by the EU, the "Consolidated List of Financial Sanctions Targets and Investment Ban List" issued by HMT, or any similar list issued or maintained or made public by any of the Sanctions Authorities.

Screen Rate means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for dollars and the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other

information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Borrower, Facility Guarantor and the Lenders.

Security Documents means:

- (a) the Original Security Documents;
- (b) any other document as may after the date of this Agreement be executed to guaranty and/or secure any amounts owing to the Finance Parties under this Agreement or any other Finance Document.

Security Interest means a mortgage, charge, pledge, lien, assignment, trust, hypothecation or other security interest of any kind securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Value means, at any time, the amount in dollars which, at that time, is the aggregate of (a) the Fair Market Value of all the Mortgaged Ships which have not then become a Total Loss (or, if less, the maximum amount capable of being secured by the Mortgages of such Ships) and (b) the value of any additional security then held by the Security Agent provided under Clause 24.11 (*Minimum security value*), in each case as most recently determined in accordance with this Agreement. For the avoidance of doubt, the Liquidity Reserve Required Balance shall not be taken into account when calculating Security Value.

Share Security means, in relation to the Borrower and each Upstream Guarantor, a document constituting a first Security Interest by the Facility Guarantor or Borrower, respectively, in favor of the Security Agent in Agreed Form in respect of all of the issued shares and/or limited liability company membership interests in the Borrower or an Upstream Guarantor.

Ship 1 Advance means the advance described in Clause 3.1(a) (*Purpose*).

Ship 2 Advance means the advance described in Clause 3.1(b) (*Purpose*).

Ship 3 Advance means the advance described in Clause 3.1(c) (*Purpose*).

Ship 4 Advance means the advance described in Clause 3.1(d) (*Purpose*).

Ship 5 Advance means the advance described in Clause 3.1(e) (*Purpose*).

Ship 6 Advance means the advance described in Clause 3.1(f) (*Purpose*).

Ship 7 Advance means the advance described in Clause 3.1(g) (*Purpose*).

Ship 8 Advance means the advance described in Clause 3.1(h) (*Purpose*).

Ship 9 Advance means the advance described in Clause 3.1(i) (*Purpose*).

Ship 10 Advance means the advance described in Clause 3.1(j) (*Purpose*).

Ship 11 Advance means the advance described in Clause 3.1(k) (*Purpose*).

Ship 12 Advance means the advance described in Clause 3.1(l) (*Purpose*).

Ship 13 Advance means the advance described in Clause 3.1(m) (*Purpose*).

Ship 14 Advance means the advance described in Clause 3.1(n) (*Purpose*).

Ship 15 Advance means the advance described in Clause 3.1(o) (*Purpose*).

Ship 16 Advance means the advance described in Clause 3.1(p) (*Purpose*).

Ship 17 Advance means the advance described in Clause 3.1(q) (*Purpose*).

Ship 18 Advance means the advance described in Clause 3.1(r) (*Purpose*).

Shipyard means each of the shipyards described in Schedule 2 (*Ship information*) which have entered into the relevant Shipbuilding Contract with the relevant Upstream Guarantor in relation to the construction and delivery of the relevant Ship.

Shipbuilding Contract means, in relation to a Ship, the agreement specified in Schedule 2 (*Ship information*) between the relevant Shipyard and the relevant Upstream Guarantor.

Ship Representations means each of the representations and warranties set out in Clauses 17.18 (*Ship status*) and 17.26 (*Ship's employment*).

Ships means each of the vessels described in Schedule 2 (*Ship information*) which are to be purchased from the relevant Shipyard pursuant to the relevant Shipbuilding Contract and **Ship** means any of them.

Special Counsel to KEXIM means DR & AJU International Law Group LLC, in their capacity as legal advisors to KEXIM, or other counsel to be selected by KEXIM and acceptable to the Facility Guarantor and the Borrower.

Special Counsel to K-sure means Yulchon LLC, in their capacity as legal advisors to K-sure.

Spill means any actual or threatened spill, release or discharge of a Pollutant into the environment.

Subsidiary of a person means any other person:

- (a) directly or indirectly controlled by such person; or
- (b) of whose dividends or distributions on the Equity Interests of such person is entitled to receive more than 50%.

Substitute has the meaning given to such term in Clause 30.1 (*Assignments by the Lenders*).

Substitution Certificate means a certificate duly executed by the Administrative Agent, an Existing Lender and a Substitute substantially in the form of Schedule 7 (*Form of Substitution Certificate*) (or in such other form as the Administrative Agent and the Lenders shall approve or require).

Swap Bank means any Original Lender or any Affiliate of any Original Lender who enters into a Hedging Contract and/or Hedging Master Agreement with the Borrower at any time while it is an Original Lender.

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) and **Taxation** shall be construed accordingly.

Title IV Plan means a pension plan subject to Title IV of ERISA, other than a Multiemployer Plan, to or with respect to which any ERISA Affiliate incurs or otherwise has any obligation or liability, direct or indirect, contingent or otherwise.

Total Commitments means the aggregate amount of the Commercial Tranche Commitments, the KEXIM Funded Tranche Commitments, the KEXIM Guaranteed Tranche Commitments and the K-sure Tranche Commitments, being a maximum principal amount of \$758,105,296 at the date of this Agreement.

Total Loss means, in relation to a Ship, its:

- (a) actual, constructive, compromised, agreed or arranged total loss; or
- (b) requisition for title, confiscation or other compulsory acquisition by a government entity; or
- (c) hijacking, piracy, theft, condemnation, capture, seizure, arrest or detention for more than 30 days.

Total Loss Date means, in relation to the Total Loss of a Ship:

- (a) in the case of an actual total loss, the date it happened or, if such date is not known, the date on which the Ship was last reported;
- (b) in the case of a constructive, compromised, agreed or arranged total loss, the earliest of:
 - (i) the date notice of abandonment of the Ship is given to its insurers; or
 - (ii) if the insurers do not admit such a claim, the date later determined by a competent court of law to have been the date on which the total loss happened; or
 - (iii) the date upon which a binding agreement as to such constructive, compromised, agreed or arranged total loss has been entered into by the Ship's insurers;
- (c) in the case of a requisition for title, confiscation or compulsory acquisition, the date it happened; and
- (d) in the case of hijacking, piracy, theft, condemnation, capture, seizure, arrest or detention, the date 30 days after the date upon which it happened.

Total Loss Repayment Date means, where a Mortgaged Ship has become a Total Loss, the earlier of:

- (a) the date 180 days after its Total Loss Date or at a later date as the Borrower may agree with the Administrative Agent (acting with the instructions of the Required Lenders); and
- (b) the date upon which insurance proceeds or Requisition Compensation for such Total Loss are paid by insurers or the relevant government entity.

Transaction Document means:

- (a) each of the Finance Documents;
- (b) each of the Shipbuilding Contracts; and
- (c) each of the Charter Documents.

Treasury Transaction means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

Trust Property means, collectively:

- (a) all moneys duly received by the Security Agent under or in respect of the Finance Documents;
- (b) any portion of the balance on any Account held by or subject to a Security Interest in favor of the Security Agent at any time;
- (c) the Security Interests, guaranties, security, powers and rights granted to the Security Agent under and pursuant to the Finance Documents;
- (d) all assets paid or transferred to or vested in the Security Agent or its agent or received or recovered by the Security Agent or its agent in connection with any of the Finance Documents whether from any Obligor or any other person; and
- (e) all or any part of any rights, benefits, interests and other assets at any time representing or deriving from any of the above, including all income and other sums at any time received or receivable by the Security Agent or its agent in respect of the same (or any part thereof).

Unpaid Sum means any sum due and payable but unpaid by an Obligor under any of the Finance Documents.

Upstream Guarantor Change of Control means the Borrower ceases to maintain a 100% legal, beneficial and registered ownership interest in, and control of, any Upstream Guarantor.

US or U.S. means the United States of America.

Utilization means the making of an Advance.

Utilization Date means the date on which a Utilization is made.

Utilization Request means a notice substantially in the form set out in Schedule 4 (*Utilization Request*).

Voting Stock of any person as of any date means the Equity Interests of such person that are at the time entitled to vote in the election of the board of directors or similar governing body of such person.

War and Allied Risks means, without limitation, the risks covered by a standard form of policy being the Institute War and Strikes Clauses (Hull Time) (1/10/83) or (1/11/95), or equivalent conditions or mutual association rules, together with piracy, terrorism, barratry and other risks transferred from the marine risks coverage and together with war protection and indemnity risks excluded from the owner's P&I club entry.

1.2 Construction

- (a) Unless a contrary indication appears, any reference in any of the Finance Documents to:
 - (i) Sections, clauses and Schedules are to be construed as references to the Sections and clauses of, and the Schedules to, the relevant Finance Document and references to a Finance Document include its Schedules;

- (ii) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as it may from time to time be amended, restated, supplemented, novated, assigned and assumed or replaced, however fundamentally;
- (iii) words importing the plural shall include the singular and vice versa;
- (iv) any person includes its successors in title, permitted assignees or transferees;
- (v) the knowledge, awareness and/or beliefs (and similar expressions) of any Obligor shall be construed so as to mean the actual knowledge, awareness and beliefs of the director, member, manager or officers of such Obligor, after having made reasonable enquiry;
- (vi) **assets** includes present and future properties, revenues and rights of every description;
- (vii) a n **authorization** means any authorization, consent, concession, approval, resolution, license, exemption, filing, notarization or registration;
- (viii) **charter commitment** means, in relation to a Ship, any charter or contract for the use, employment or operation of that Ship or the carriage of people and/or cargo or the provision of services by or from it and includes any agreement for pooling or sharing income derived from any such charter or contract;
- (ix) the term **disposal** or **dispose** means a sale, transfer or other disposal (including by way of lease or loan but not including by way of loan of money) by a person of all or part of its assets, whether by one transaction or a series of transactions and whether at the same time or over a period of time, but not the creation of a Security Interest;
- (x) **USD/dollar/\$** means the lawful currency of the United States of America;
- (xi) a **government entity** means any government, state or agency of a country or state;
- (xii) a **guaranty** means any guaranty, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (xiii) **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;
- (xiv) **month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:
 - (A) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that month (if there is one) or on the immediately preceding Business Day (if there is not); and
 - (B) if there is no numerically corresponding day in that month, that period shall end on the last Business Day in that month

and the above rules in paragraphs (A) to (B) will only apply to the last month of any period;

- (xv) an **obligation** means any duty, obligation or liability of any kind;
 - (xvi) something being in the **ordinary course of business** of a person means something that is in the ordinary course of that person's current day-to-day operational business (and not merely anything which that person is entitled to do under its Constitutional Documents);
 - (xvii) a **person** includes any individual, firm, company, corporation, limited liability company, government entity or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
 - (xviii) 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 organization and includes (without limitation) any Basel II or Basel III regulation;
 - (xix) **right** means any right, privilege, power or remedy, any proprietary interest in any asset and any other interest or remedy of any kind, whether actual or contingent, present or future, arising under contract or law, or in equity;
 - (xx) **trustee, fiduciary and fiduciary duty** has in each case the meaning given to such term under applicable law;
 - (xxi) (i) the **winding up, dissolution, or administration** of a person or (ii) a **receiver or trustee or administrative receiver or administrator** in the context of insolvency proceedings or security enforcement actions in respect of a person shall be construed so as to include any equivalent or analogous proceedings or any equivalent and analogous person or appointee (respectively) under the law of the jurisdiction in which such person is established or incorporated or any jurisdiction in which such person carries on business including (in respect of proceedings) the seeking or occurrences of liquidation, winding-up, reorganization, dissolution, administration, arrangement, adjustment, protection or relief of debtors;
 - (xxii) a **time** of day is a reference to Eastern Standard Time (EST) or Eastern Daylight Savings Time (EDST), as applicable, unless otherwise specified;
 - (xxiii) **know your customer** requirements are identification checks that a Finance Party (acting for itself or on behalf of a prospective new Lender) requests in order to meet its obligations under any anti-money laundering laws and regulations and anti-corruption laws and regulations to identify a person who is (or is to become) its customer; and
 - (xxiv) a provision of law is a reference to that provision as amended or re-enacted.
- (b) Where in this Agreement a provision includes a monetary reference level in one currency, unless a contrary indication appears, such reference level is intended to apply equally to its equivalent in other currencies as of the relevant time for the purposes of applying such reference level to any other currencies.
 - (c) Section, clause and Schedule headings are for ease of reference only.
 - (d) A Default (other than an 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 waived.

1.3 Third party rights

- (a) Except for a provision expressed to be in favor of K-sure and the rights expressed to be for its benefit or exercisable by it under a Finance Document or unless expressly provided to the contrary in a Finance Document for the benefit of a Finance Party or another Indemnified Person, a person who is not a party to a Finance Document has no right to enforce or to enjoy the benefit of any term of the relevant Finance Document.
- (b) Any Finance Document may be rescinded or varied by the parties to it without the consent of any person who is not a party to it (unless otherwise provided by this Agreement).
- (c) An Indemnified Person who is not a party to a Finance Document may only enforce its rights under that Finance Document through a Finance Party and if and to the extent and in such manner as the Finance Party may determine.

1.4 Finance Documents

Where any other Finance Document provides that this Clause 1.4 shall apply to that Finance Document, any other provision of this Agreement which, by its terms, purports to apply to all or any of the Finance Documents and/or any Obligor shall apply to that Finance Document as if set out in it but with all necessary changes.

1.5 Conflict of documents

The terms of the Finance Documents (other than as relates to the creation and/or perfection of security) are subject to the terms of this Agreement and, in the event of any conflict between any provision of this Agreement and any provision of any other Finance Document (other than in relation to the creation and/or perfection of security) the provisions of this Agreement shall prevail.

In case of any conflict or inconsistency between the terms of any Finance Document and the K-sure Insurance Policies, as between the K-sure Lenders and K-sure, the terms of the K-sure Insurance Policies shall prevail, and to the extent of such conflict or inconsistency, none of the Finance Parties shall assert to K-sure the terms of the relevant Finance Document.

SECTION 2 - THE FACILITY

2 The Facility

2.1 The Facility

Subject to the terms of this Agreement, the Lenders shall make available to the Borrower a post-delivery senior secured term loan facility, in the aggregate amount equal to the Total Commitments, consisting of: (a) the Commercial Tranche, to be made available by the Commercial Lenders to the Borrower; (b) the KEXIM Guaranteed Tranche, to be made available by the KEXIM Lenders to the Borrower; (c) the KEXIM Funded Tranche, to be made available by KEXIM to the Borrower; and (d) the K-sure Tranche, to be made available by the K-sure Lenders, subject to the terms of the K-sure Insurance Policies.

2.2 Increase

- (a) The Borrower may by giving prior notice to the Administrative Agent by no later than the date falling three (3) Business Days after the effective date of a cancellation of:
- (i) the undrawn Commitment of a Defaulting Lender in accordance with Clause 7.9(d) (Right of replacement or cancellation and prepayment in relation to a single Lender); or
 - (ii) the Commitment of a Lender in accordance with:
 - (A) Clause 7.1 (*Illegality*); or
 - (B) Clause 7.9 (*Right of replacement or cancellation and prepayment in relation to a single Lender*),

request that the Commitments be increased (and the Commitments shall be so increased) in an aggregate amount of up to the amount of the Commitment so cancelled as follows:

- (1) the increased Commitments will be assumed by one or more Lenders, at such Lender's sole discretion (each an **Increase Lender**), each of which confirms in writing (whether in the relevant Increase Confirmation or otherwise) its willingness to assume and does assume all the obligations corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
- (2) the Borrower and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Borrower and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;
- (3) each Increase Lender shall become a Party as a "Lender" and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
- (4) the Commitments of the other Lenders shall continue in full force and effect; and
- (5) any increase in the Commitments shall take effect on the date specified by the Borrower in the notice referred to above or any later date on which the

conditions set out in Clause 2.2(b) (*Increase*) are satisfied and the remaining undrawn Commitments shall then be increased ratably among each Advance.

- (b) An increase in the Commitments will only be effective on:
 - (i) the execution by the Administrative Agent of an Increase Confirmation from the relevant Increase Lender; and
 - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase, the Administrative Agent being satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender. The Administrative Agent shall promptly notify the Borrower and the Increase Lender upon being so satisfied.
- (c) Each of the other Finance Parties and the Borrower hereby appoints the Administrative Agent as its agent to execute on its behalf any Increase Confirmation delivered to the Administrative Agent in accordance with Clauses 2.2(a) and 2.2(b) (*Increase*).
- (d) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Administrative 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 increase becomes effective.
- (e) The Borrower may pay to the Increase Lender a fee in the amount and at the times agreed between the Borrower and the Increase Lender in a letter between the Borrower and the Increase Lender setting out that fee. A reference in this Agreement to a Fee Letter shall include any letter referred to in this Clause 2.2(e).
- (f) The Increase Lender shall, on the date upon which the increase takes effect, pay to the Administrative Agent (for its own account) a fee in an amount equal to the fee which would be payable under Clause 30.2 (Substitution) if the increase was an assignment and assumption pursuant to Clause 30.2 (Substitution) and if the Increase Lender was a Substitute.

2.3 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 (including Clause 32.25 (*All enforcement action through the Security Agent*)) and Clause 34.2 (*Finance Parties acting together*), separately enforce its rights under the Finance Documents.

2.4 Obligors' rights and obligations

- (a) The obligations of each Obligor under this Agreement are joint and several. Failure by an Obligor to perform its obligations under this Agreement shall constitute a failure by all of the Obligors.

- (b) Each Obligor irrevocably and unconditionally jointly and severally with each other Obligor:
- (i) agrees that it is responsible for the performance of the obligations of each other Obligor under this Agreement;
 - (ii) acknowledges and agrees that it is a principal and original debtor in respect of all amounts due from the Obligors under this Agreement; and
 - (iii) agrees with each Finance Party that, if any obligation of another Obligor under this Agreement is or becomes unenforceable, invalid or illegal for any reason it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any and all Losses it incurs as a result of another Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by that other Obligor under this Agreement. The amount payable under this indemnity shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.
- (c) The obligations of the Obligors under the Finance Documents shall continue until all amounts which may be or become payable by each Obligor under or in connection with the Finance Documents have been irrevocably and unconditionally paid or discharged in full, regardless of any intermediate payment or discharge in whole or in part.
- (d) If any payment by any Obligor or any discharge given by a Finance Party (whether in respect of the obligations of such Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:
- (i) the liability of such Obligor under the Finance Documents shall continue as if the payment, release, avoidance or reduction had not occurred; and
 - (ii) each Finance Party shall be entitled to recover the value or amount of that security or payment from such Obligor, as if the payment, release, avoidance or reduction had not occurred.
- (e) The obligations of the Obligors under the Finance Documents shall not be affected by an act, omission, matter or thing which, but for this clause (whether or not known to it or any Finance Party), would reduce, release or prejudice any of its obligations under the Finance Documents including:
- (i) any time, waiver or consent granted to, or composition with, any Obligor or other person;
 - (ii) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any other Obligor;
 - (iii) 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 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 realize the full value of any security;
 - (iv) 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;
 - (v) any amendment, assignment, assumption, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security;

- (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (vii) any insolvency or similar proceedings.
- (f) Each Obligor waives any right it may have of first requiring any Finance 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 before claiming from such Obligor under any Finance Document. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.
- (g) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably and unconditionally paid or discharged in full, each Finance Party (or any trustee or agent on its behalf) may:
 - (i) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance 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 against those amounts; and
 - (ii) hold in an interest-bearing suspense account any money received from any Obligor or on account of any Obligor's liability under any Finance Document.
- (h) 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 and unless the Administrative Agent otherwise directs (on such terms as it may reasonably require), none of the Obligors shall exercise any rights (including rights of set-off) which it may have by reason of performance by it of its obligations under the Finance Documents:
 - (i) to be indemnified by another Obligor;
 - (ii) to claim any contribution from any other Obligor or any Guarantor of or provider of security for any Obligor's obligations under the Finance Documents; and/or
 - (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any guaranty or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

3 Purpose

3.1 Purpose

The Borrower shall apply all amounts borrowed under the Facility in accordance with this Clause 3.1.

- (a) The Ship 1 Advance (which shall be made available in the lesser of (a) 55% of the Age Adjusted Delivered Price of Ship 1 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 1, tested in accordance with Clause 24.2(a) (*Valuation frequency*), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 1.

- (b) The Ship 2 Advance (which shall be made available in the lesser of (a) 55% of the Age Adjusted Delivered Price of Ship 2 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 2, tested in accordance with Clause 24.2(a) (*Valuation frequency*), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 2.
- (c) The Ship 3 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 3 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 3, tested at the time of delivery of Ship 3, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 3.
- (d) The Ship 4 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 4 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 4, tested at the time of delivery of Ship 4, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 4.
- (e) The Ship 5 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 5 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 5, tested at the time of delivery of Ship 5, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 5.
- (f) The Ship 6 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 6 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 6, tested at the time of delivery of Ship 6, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 6.
- (g) The Ship 7 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 7 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 7, tested at the time of delivery of Ship 7, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 7.
- (h) The Ship 8 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 8 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 8, tested at the time of delivery of Ship 8, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 8.
- (i) The Ship 9 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 9 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 9, tested at the time of delivery of Ship 9, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 9.

- (j) The Ship 10 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 10 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 10, tested at the time of delivery of Ship 10, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 10.
- (k) The Ship 11 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 11 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 11, tested at the time of delivery of Ship 11, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 11.
- (l) The Ship 12 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 12 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 12, tested at the time of delivery of Ship 12, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 12.
- (m) The Ship 13 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 13 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 13, tested at the time of delivery of Ship 13, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 13.
- (n) The Ship 14 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 14 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 14, tested at the time of delivery of Ship 14, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 14.
- (o) The Ship 15 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 15 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 15, tested at the time of delivery of Ship 15, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 15.
- (p) The Ship 16 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 16 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 16, tested at the time of delivery of Ship 16, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 16.
- (q) The Ship 17 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 17 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 17, tested at the time of delivery of Ship 17, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 17.

- (r) The Ship 18 Advance (which shall be made available in the lesser of (a) 55% of the Delivered Price of Ship 18 (as identified in Schedule 2 (*Ship Information*)), plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship and (b) 55% of the Fair Market Value of Ship 18, tested at the time of delivery of Ship 18, plus an amount equal to the K-sure Premium and KEXIM Premium for such Ship) shall be made available solely for the purpose of financing part of the Delivered Price in respect of Ship 18.

3.2 Monitoring

Other than as provided elsewhere in this Agreement with respect to the Administrative Agent, no Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 Conditions of Utilization

4.1 Conditions precedent to Closing Date

On or prior to the Closing Date, the Administrative Agent, or its duly authorized representative, shall have received all of the documents and other evidence listed in Part 1 of Schedule 3 (*Conditions precedent*) in form and substance reasonably satisfactory to the Administrative Agent.

4.2 Conditions precedent to each Utilization Date

Each Advance (including the first Advance) shall become available for borrowing under this Agreement only if the Administrative Agent, or its duly authorized representative, has received, no later than 12:00 p.m. EST on the Utilization Date, all of the documents and evidence listed in Part 2 of Schedule 3 (*Conditions precedent*) in form and substance reasonably satisfactory to the Administrative Agent.

4.3 Conditions precedent to each Release Date

Each Advance (including the first Advance) shall be released to the relevant Shipyard (or, in the case of Ship 1 and Ship 2, the Borrower) under this Agreement only if the Administrative Agent, or its duly authorized representative, has received on the Release Date all of the documents and evidence listed in Part 3 of Schedule 3 (*Conditions precedent*) in form and substance reasonably satisfactory to the Administrative Agent.

4.4 Notice to Lenders and Borrower

The Administrative Agent shall notify the Lenders and the Borrower promptly upon receiving and being satisfied with all of the documents and evidence delivered to it under this Clause 4. The Administrative Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving such notice.

4.5 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' obligation*) if on the date of the Utilization Request and on the proposed Utilization Date and Release Date:

- (a) no Default is continuing or would result from the proposed Utilization;
- (b) all of the representations set out in Clause 17 (*Representations*) are true;
- (c) the Administrative Agent and the ECA Agent have received, and found to be reasonably acceptable to each of them, any further opinions, consents, agreements and documents in

connection with the Finance Documents which the Administrative Agent or the ECA Agent may request by notice to the Borrower prior to the Utilization Date;

- (d) the ECA Agent has not received any notice from K-sure requesting the K-sure Lenders to suspend the making of any Advance under the K-sure Tranche and/or the K-sure Lenders are not required by the terms of any of the K-sure Insurance Policies to suspend the making of the of any Advance under the K-sure Tranche;
- (e) no occurrence, event or circumstances exist which prohibits any of the K-sure Lenders from participating in any Advance under the K-sure Tranche pursuant to the terms of any of the K-sure Insurance Policies;
- (f) none of the Obligors or the Finance Parties have received any notice from KEXIM suspending (or purporting to suspend) any Advance under the KEXIM Funded Tranche and/or the KEXIM Guarantee; and
- (g) the KEXIM Guarantee is in full force and effect and (i) has not been declared by KEXIM to be ineffective as to the coverage provided by KEXIM and (ii) has not ceased to be in full force and effect as to the full amount of coverage provided by KEXIM.

4.6 Waiver of conditions precedent

The conditions in this Clause 4 are inserted solely for the benefit of the Finance Parties and may be waived in writing in whole or in part and with or without conditions by the Administrative Agent acting on the instructions of the Required Lenders.

SECTION 3 - UTILIZATION

5 Utilization

5.1 Delivery of a Utilization Request

The Borrower may utilize the Facility by delivering to the Administrative Agent a duly completed Utilization Request at least five (5) Business Days before the proposed Utilization Date.

5.2 Completion of a Utilization Request

A Utilization Request is irrevocable (except for a correction in relation to a purely administrative or technical error and with the consent of the Administrative Agent (acting on the instructions of the Required Lenders), such consent not to be unreasonably withheld or delayed) and will not be regarded as having been duly completed unless:

- (a) it specifies the Ship(s) to which it relates;
- (b) the proposed Utilization Date is a Business Day falling on or before the Last Availability Date for that Ship;
- (c) the proposed Release Date is a Business Day;
- (d) the currency and amount of the Utilization comply with Clause 5.3 (*Currency and amount*);
- (e) the proposed Interest Period complies with Clause 9 (*Interest Periods*);
- (f) it identifies the purpose for the Utilization and that purpose complies with Clause 3 (*Purpose*);
- (g) it specifies the account bank details to which the proceeds of the Loan are to be credited; and
- (h) it is duly signed by authorized signatories of the Borrower;

provided that only one Advance per Ship shall be permitted.

5.3 Currency and amount

The currency specified in a Utilization Request must be dollars and, unless otherwise approved by all the Lenders, each Advance shall be for the amount specified in Clause 3.1 (*Purpose*) relative to such Advance.

5.4 Lenders' obligation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Advance available by the relevant Utilization Date through its Facility Office.
- (b) The amount of each Lender's participation in the Advance will be equal to the proportion borne by its undrawn Commitment to the undrawn Total Commitments immediately prior to making the Advance.
- (c) The Administrative Agent shall promptly notify each Lender of the amount of the Advance and the amount of its participation in the Advance, and, if different, the amount of that participation to be made available in accordance with Clause 36.1 (Payments to the Administrative Agent), in each case no later than four (4) Business Days before the Utilization Date.

- (d) Except for the Ship 1 Advance and the Ship 2 Advance, the Administrative Agent shall ensure that each Advance is remitted to the suspense account specified by the Borrower in the Utilization Request. If the conditions set out in Clause 4.3 (*Conditions precedent to each Release Date*) are met, in addition to the other conditions set out in this Agreement, the Administrative Agent shall release the Advance to the relevant Shipyard and/or its financial institution on the Release Date.
- (e) The Borrower irrevocably authorizes and directs the Administrative Agent to remit the proceeds of each Advance to the account specified in the relevant Utilization Request.

SECTION 4 - REPAYMENT, PREPAYMENT AND CANCELLATION

6 Repayment

6.1 Repayment

The Borrower shall, on each Repayment Date, repay such part of the Loan as is required to be repaid by Clause 6.2 (*Scheduled Repayment of Advances*).

6.2 Scheduled Repayment of Advances

- (a) Repayment of Commercial Tranche of each Advance: Subject to Clause 7 (*Illegality, prepayment and cancellation*), the Borrower shall repay the Commercial Tranche of each Advance in equal quarterly installments, one such installment to be repaid on each of the Repayment Dates relative to such Advance, excluding the first installment and the final installment as set out in Clause 6.3 (*Repayment of First Installment and Final Installment of each Advance*), in accordance with an 18-year age adjusted loan repayment profile.
- (b) Repayment of KEXIM Guaranteed Tranche: Subject to Clause 7 (*Illegality, prepayment and cancellation*), the Borrower shall repay the KEXIM Guaranteed Tranche of each Advance in equal quarterly repayments, one such installment to be repaid on each of the Repayment Dates relative to such Advance, excluding the first installment and the final installment as set out in Clause 6.3 (*Repayment of First Installment and Final Installment of Each Advance*), in accordance with a 12-year age adjusted loan repayment profile.
- (c) Repayment of KEXIM Funded Tranche: Subject to Clause 7 (*Illegality, prepayment and cancellation*), the Borrower shall repay the KEXIM Funded Tranche of each Advance in equal quarterly repayments, one such installment to be repaid on each of the Repayment Dates relative to such Advance, excluding the first installment and the final installment as set out in Clause 6.3 (*Repayment of First Installment and Final Installment of Each Advance*), in accordance with a 12-year age adjusted loan repayment profile.
- (d) Repayment of K-sure Tranche: Subject to Clause 7 (*Illegality, prepayment and cancellation*), the Borrower shall repay the K-sure Tranche of each Advance in equal quarterly repayments, one such installment to be repaid on each of the Repayment Dates relative to such Advance, excluding the first installment and the final installment as set out in Clause 6.3 (*Repayment of First Installment and Final Installment of Each Advance*), in accordance with a 12-year age adjusted loan repayment profile.

6.3 Repayment of First Installment and Final Installment of each Advance

- (a) The first installment payable under each Advance shall be increased pro rata to account for the relevant Ship's Delivery Date falling between two Repayment Dates and shall be calculated as the relevant fraction (the numerator of which is the number of days elapsed between the relevant Ship's Delivery Date and the First Repayment Date, and the denominator of which is the number of days between the next Repayment Date following the relevant Ship's Delivery Date and the First Repayment Date) multiplied by the installment relevant to the Advance.
- (b) On the Final Repayment Date for each Advance, the Advance shall be paid in full.
- (c) If the Delivery Date of a Ship is also a Repayment Date, or in the case of Ship 1 and Ship 2, there shall be no requirement to increase the first installment as set forth in this Clause 6.3, and repayment of such Advance shall commence on the next Repayment Date.

7 Illegality, prepayment and cancellation

7.1 Illegality

If at any time there is a law binding upon the Lenders in any jurisdiction which renders it unlawful for any Lender to perform any of its obligations or to exercise any of its rights under this Agreement or any of the other Finance Documents or for any Lender to contribute to or maintain or fund its participation in the Loan:

- (a) the Lender shall promptly notify the Administrative Agent upon becoming aware of that event;
- (b) upon the Administrative Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled;
- (c) to the extent that the Lender's participation has not been assigned pursuant to Clauses 2.2 (*Increase*) or 41.8(a) to 41.8(c) (*Replacement of a Defaulting Lender*), the Borrower shall repay (without any fees, premium or penalty) all amounts outstanding to the Lender on the last day of the Interest Period occurring after the Administrative Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by law); and
- (d) no prepayment fee shall be payable pursuant to Clause 11.3 (*KEXIM Prepayment Fee*) in connection with prepayments in accordance with this Clause 7.1.

7.2 Change of Control

- (a) The Facility Guarantor shall promptly notify the Administrative Agent upon any Obligor becoming aware of a Change of Control.
- (b) If a Change of Control occurs (other than an Upstream Guarantor Change of Control), the Administrative Agent may, and shall if so directed by the Required Lenders, by notice to the Borrower, cancel the Total Commitments with effect from a date specified in that notice which is at least 30 days after the giving of the notice and declare that all or part of the Loan be payable on demand after such date, on which date it shall become payable on demand by the Administrative Agent on the instructions of the Required Lenders or, if the Change of Control relates to an Upstream Guarantor Change of Control, then the Administrative Agent may declare that the higher of (i) the drawn and outstanding amount of the Advance with respect to the relevant Ship owned by such Upstream Guarantor and (ii) the amount required to comply with the provisions in Clause 24 (*Minimum security value*) after such prepayment shall be prepaid.
- (c) Any partial prepayment of the Loan under this Clause 7.2 shall be applied to the outstanding principal amount of each Advance on a pro rata basis and shall reduce future installments payable in respect of each Advance under Clause 6.2 (*Scheduled Repayment of Advances*) in inverse chronological order unless such Change of Control relates to one or more of the Upstream Guarantors, in which case the Advance with respect to the relevant Ship owned by such Upstream Guarantor shall be paid in full together with the amount required (if any) to comply with the provisions in Clause 24 (*Minimum security value*) which additional amounts shall reduce future installments payable in respect of each remaining Advance under Clause 6.2 (*Scheduled Repayment of Advances*) in inverse chronological order.

7.3 Loss of ECA Support

- (a) If at any time the KEXIM Guarantee is lost, cancelled, unenforceable or invalid while any amounts remain outstanding under the KEXIM Guaranteed Tranche, the Administrative Agent shall immediately cancel the Total Commitments and declare that the entire Loan be payable on demand.
- (b) If at any time, in relation to an Advance, the relevant K-sure Insurance Policy is lost, cancelled, unenforceable or invalid while any amounts remain outstanding under the K-sure Tranche in relation to such Advance, the Administrative Agent shall immediately cancel the Total Commitments and declare that the entire Loan be payable on demand.

7.4 Voluntary prepayment

(a) Prepayment of the Loan

- (i) Subject to the payment of any fees payable by the Borrower pursuant to Clause 11.3 (*KEXIM Prepayment Fee*), the Borrower may, if it gives the Administrative Agent and the ECA Agent not less than ten (10) Business Days' prior written notice, prepay the whole or any part of the Loan (but if in part, being an amount that reduces the amount of the Loan by a minimum amount of \$1,000,000 or any whole number multiples thereof) on the last day of an Interest Period in respect of the amount to be prepaid.
- (ii) Any partial prepayment of the Loan under this Clause 7.4 (i) shall be applied to the outstanding principal amount of each Advance according to the Prepayment Allocations and (ii) shall reduce future installments payable in respect of each Advance under Clause 6.2 (*Scheduled Repayment of Advances*), excluding the final payments, other than prepayments pursuant to Clause 24.11(b) (*Security shortfall*), which shall reduce future installments, on a pro rata basis, payable in respect of each Advance, including the final payments.

(b) Refund of K-sure Premium

Upon any voluntary prepayment of the Loan (whether in whole or in part), the Borrower may request the ECA Agent to seek a refund by K-sure of such portion of the K-sure Premium paid by the Borrower. In the event that K-sure (in its absolute sole discretion) consents to such request and refunds any portion of the K-sure Premium, the amount of which shall be determined and calculated solely by K-sure pursuant to the terms of the relevant K-sure Insurance Policy and its internal regulations, to the ECA Agent or the Administrative Agent (as the case may be), such refund shall be remitted to the Borrower in accordance with Clause 36 (*Payment Mechanics*), provided that neither the Administrative Agent nor the ECA Agent shall be obliged to take any further action if K-sure refuses or fails for whatever reason to refund any portion of the K-sure Premium.

7.5 Put Options

- (a) KEXIM shall have a put option to require prepayment of the KEXIM Funded Tranche and the KEXIM Guaranteed Tranche, and K-sure shall have a put option to call for prepayment on the K-sure Tranche to be exercised on the Final Repayment Date of the Commercial Tranche, if the Commercial Tranche is not committed to be refinanced/renewed prior to the date that falls two (2) months before the Final Repayment Date of the Commercial Tranche, provided that the ECA Agent shall provide written notice to K-sure and KEXIM as to whether the refinancing/renewal of the Commercial Tranche has been obtained on or prior to the date which is two (2) months prior to the final maturity date of the Commercial Tranche. Upon exercise of the above put options (the **Put Options** and each a **Put Option**), all outstanding amounts under the KEXIM Funded Tranche, the KEXIM Guaranteed Tranche and the K-sure Tranche must be repaid on the Final Repayment Date of the Commercial Tranche.

- (b) No KEXIM Prepayment Fee shall be payable in connection with a prepayment following any exercise of the Put Option.

7.6 Sale or Total Loss

- (a) If a Ship becomes a Total Loss before its Advance has become available for borrowing under this Agreement, the Total Commitments shall be reduced by an amount equal to the maximum amount of the respective Advance as specified in the definition of that Advance in Clause 1.1 (*Definitions*).
- (b) On a Mortgaged Ship's Disposal Repayment Date, the Borrower shall immediately pay the Administrative Agent the higher of (i) the drawn and outstanding amount of the Advance with respect to the relevant Mortgaged Ship and (ii) the amount required (if any) to comply with the provisions in Clause 24 (*Minimum security value*) after such prepayment, such amount to be applied first, to repay the Advance with respect to the relevant Mortgaged Ship and second, to repay the remaining Advances on a pro rata basis and to reduce future installments in respect of such Advances pro rata in inverse chronological order.

7.7 Voluntary cancellation

Subject to the payment of any fees payable by the Borrower pursuant to Clause 11.3 (*KEXIM Prepayment Fee*), the Borrower may, without premium or penalty, if it gives the Administrative Agent not less than five (5) Business Days' prior written notice, cancel the whole or any part of the Total Commitments (but in a minimum amount of \$2,000,000 and a multiple of \$2,000,000). Upon such cancellation, the Total Commitments shall be reduced pro rata by the same amount.

7.8 Automatic cancellation

Any part of the Total Commitments which has not been drawn upon by the relevant Last Availability Date shall be automatically cancelled at close of business in New York on such Last Availability Date and the Total Commitments shall be reduced accordingly.

7.9 Right of replacement or cancellation and prepayment in relation to a single Lender

- (a) If:
 - (i) any sum payable to any Lender by an Obligor is required to be increased under Clause 12.2 (*Grossing-up for taxes*); or
 - (ii) any Lender claims indemnification from the Borrower under Clause 12.5 (*Indemnity for taxes*) or Clause 13 (*Increased Costs*),the Borrower may, while the circumstance giving rise to the requirement for that increase or indemnification continues, give the Administrative Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan or give the Administrative Agent notice in form and substance satisfactory to the Administrative Agent of its intention to replace that Lender.
- (b) On receipt of a notice referred to in Clause 7.9(a) (*Right of replacement or cancellation and prepayment in relation to a single Lender*) above, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice under Clause 7.9(a) (*Right of replacement or cancellation and prepayment in relation to a single*

Lender) above in relation to a Lender (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loan.

- (d) If any Lender becomes a Defaulting Lender, the Borrower may, at any time while the Lender continues to be a Defaulting Lender give the Administrative Agent two (2) Business Days' notice of cancellation of the undrawn Commitment of that Lender.
- (e) On the notice provided pursuant to Clause 7.9(c) (*Right of replacement or cancellation and prepayment in relation to a single Lender*) becoming effective, the undrawn Commitment of the Defaulting Lender shall immediately be reduced to zero and the remaining undrawn Commitments shall each be reduced ratably and the Administrative Agent shall as soon as practicable after receipt of such notice, notify all the Lenders.

7.10 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 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, including but not limited to Clause 7.2 (*Change of control*), shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs and Prepayment Fees, without premium or penalty (other than the KEXIM Prepayment Fee (subject to the provisions of Clause 11.3)).
- (c) The Borrower may not reborrow any part of the Facility which is repaid or prepaid under this Agreement.
- (d) The Borrower shall not 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) Subject to Clause 2.2 (*Increase*), no amount of the Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Administrative Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender or Lenders, as appropriate.
- (g) If the Total Commitments are partially reduced under this Agreement other than under Clause 7.1 (*Illegality*) and Clause 7.9 (*Right of replacement or cancellation and prepayment in relation to a single Lender*), the Commitments of the Lenders shall be reduced ratably.
- (h) Any prepayment under this Agreement shall be made together with payment to a Swap Bank of any amount falling due to the relevant Swap Bank under a Hedging Contract as a result of the termination or close out of that Hedging Contract or any Hedging Transaction under it in accordance with Clause 27.3 (*Unwinding of Hedging Contracts*) in relation to that prepayment. The Borrower must inform and deliver satisfactory evidence to the Administrative Agent to be forwarded to the Lenders of any required close-out payments to any Swap Bank within five (5) Business Days after the relevant prepayment date.
- (i) In the case of prepayment of the KEXIM Guaranteed Tranche, the unutilized portion of the KEXIM Premium shall be refunded in accordance with the terms and conditions as contained in the KEXIM Guarantee and KEXIM's internal regulations, and the ECA Agent shall use commercially reasonable efforts for such refund to be effected.

7.11 Conditions to the Replacement of a Lender

The replacement of a Lender pursuant to Clause 7.9 (*Right of repayment and cancellation in relation to a single Lender*) shall be subject to the following additional conditions:

- (a) no Finance Party shall have any obligation to find a replacement Lender; and
- (b) any Lender replaced pursuant to Clause 7.9 (*Right of repayment and cancellation in relation to a single Lender*) shall not be required to refund, or to pay or surrender to any other Lender, any of the fees or other amounts received by the replaced Lender under any Finance Document.

SECTION 5 - COSTS OF UTILIZATION

8 Interest

8.1 Calculation of interest

The rate of interest on each Advance for each Interest Period relative to such Advance is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) LIBOR.

8.2 Payment of interest

The Borrower shall pay accrued interest on each Advance on the last day of each Interest Period relative to such Advance. However, if the Interest Period is greater than three (3) months, the Borrower shall pay accrued interest on each Advance quarterly.

8.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document (other than a Hedging Contract) on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to Clause 8.3(b) (*Default interest*) below, is 2% per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an Advance for successive ninety (90)-day Interest Periods. Any interest accruing in accordance with this Clause 8.3 shall be immediately payable by the Obligors on demand by the Administrative Agent.
- (b) If any overdue amount consists of all or part of an Advance which became due on a day which was not the last day of an Interest Period relating to such Advance or the relevant part of it:
 - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to such Advance; and
 - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 2% per annum higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 Notification of rates of interest

The Administrative Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

9 Interest Periods

9.1 Commencement of Interest Periods.

The first Interest Period applicable to an Advance shall commence on the relevant Utilization Date and each subsequent Interest Period for such Advance shall commence on the expiry of the preceding Interest Period.

9.2 Duration of normal Interest Periods.

Subject to Clauses 9.3 (Duration of Interest Periods for repayment installments) and 9.4 (Non-availability of matching deposits for Interest Period selected), each Interest Period shall be:

- (a) in respect of the Commercial Tranche:
 - (i) three (3) or six (6) months as notified by the Borrower to the Administrative Agent not later than 11:00 a.m. (New York time) three (3) Business Days before the commencement of the Interest Period;
 - (ii) in the case of the first Interest Period applicable to each Advance other than the first Advance, a period commencing on the relevant Utilization Date and ending on the last day of the then current Interest Period for outstanding Advances;
 - (iii) three (3) months, if the Borrower fails to notify the Administrative Agent by the time specified in paragraph (i); or
 - (iv) such other period as the Administrative Agent may, with the authorization of the Commercial Lenders, agree with the Borrower;
- (b) in respect of the KEXIM Guaranteed Tranche, the KEXIM Funded Tranche and the K-sure Tranche:
 - (i) three (3) months; or
 - (ii) in the case of the first Interest Period applicable to each Advance other than the first Advance, a period commencing on the relevant Utilization Date and ending on the last day of the then current Interest Period for outstanding Advances.

9.3 Duration of Interest Periods for repayment installments.

In respect of an amount due to be repaid under Clause 6 (*Repayment*) on a particular Repayment Date, an Interest Period shall end on that Repayment Date.

9.4 Non-availability of matching deposits for Interest Period selected.

If, after the Borrower has selected and the Lenders have agreed an Interest Period, any Lender notifies the Administrative Agent by 11:00 a.m. (New York time) on the second Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the London Interbank Market when the Interest Period commences, the Interest Period shall be of three (3) months.

9.5 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 11:00 a.m. London 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 under 10.3(a) occurs in relation to the Loan for any Interest Period, then the rate of interest on each Lender's share of the Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the rate notified to the Administrative 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 the Loan from whatever source it may reasonably select.
- (b) If a Market Disruption Event under 10.3(b) occurs in relation to any Lender's Participation in the Loan for any Interest Period, then the rate of interest on such Lender's share of the Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the rate notified to the Administrative 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 the Loan from whatever source it may reasonably select.
- (c) If a Market Disruption Event occurs the Administrative Agent shall, promptly and as soon as is practicable after the occurrence thereof, notify the Borrower.

10.3 In this Agreement:

Market Disruption Event means:

- (a) at or about noon in London on the Quotation Day for the relevant Interest Period LIBOR is to be determined by reference to the Reference Banks and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for the relevant Interest Period; or
- (b) before close of business in London on the Quotation Day for the relevant Interest Period, the Administrative Agent receives notifications from a Lender or Lenders (whose participations in the Loan are at least equal to or greater than 50 per cent of the Loan) that the cost to it of funding its participation in the Loan from the London Interbank Market or if cheaper from whatever source it may reasonably select would be in excess of LIBOR.

10.4 **Alternative basis of interest or funding**

- (a) If a Market Disruption Event occurs and the Administrative Agent or the Borrower so requires, the Administrative Agent and the Borrower 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.
- (b) Any alternative basis agreed pursuant to clause (a) above shall, with the prior consent of all the Lenders be binding on all Parties.

10.5 **Break Costs**

- (a) The Borrower shall, within three (3) 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 the Borrower on a day other than the last day of an Interest Period for an Advance or, as the case may be, an Unpaid Sum or relevant part of it.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Administrative Agent, confirm the amount of its Break Costs for any Interest Period in which they accrue.

11 **Fees**

11.1 **Commitment commission**

- (a) The Borrower shall pay to the Administrative Agent (for the account of each of the Lenders) a fee in dollars computed at the rate of 40% of the Margin (and in the case of the Commercial Tranche, the applicable Margin as the same may be adjusted from time to time) per annum on the undrawn and uncanceled portion of that Lender's Commitment which shall accrue from the Closing Date until the Last Availability Date of each of the Commercial Tranche, the KEXIM Funded Tranche, the KEXIM Guaranteed Tranche and the K-sure Tranche.
- (b) The accrued commitment commission shall be payable in arrears starting on the date falling three (3) months after the Closing Date and every three (3) months thereafter and also on each date on which an Advance is made with respect to the relevant amount drawn down until the undrawn portion of the Total Commitments is permanently reduced to zero, and any unpaid portion of the accrued commitment commission shall be paid on the date the undrawn portion of the Total Commitments is permanently reduced to zero.
- (c) No commitment fee is payable to the Administrative Agent (for the account of a Lender) on any undrawn Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

11.2 **Other fees**

The Obligors shall pay to the relevant party any other fees specified in the relevant Fee Letters at the times and in the amounts specified therein.

11.3 **KEXIM Prepayment Fee**

In the case of a voluntary prepayment pursuant to Clause 7.4 (*Voluntary prepayment*), the sale or disposal of a Ship permitted under Clause 21.4 (*Sale or other disposal of a Ship*), or the voluntary cancellation of the KEXIM Funded Tranche pursuant to Clause 7.7. (*Voluntary cancellation*), the Borrower shall pay to the Administrative Agent, for further distribution to KEXIM, the KEXIM Prepayment Fee. For the avoidance of doubt, no KEXIM prepayment fee will be payable in case of

a prepayment made under Clause 24.11(b) and/or under Clause 7.6 (*Sale or Total Loss*) in connection with a Total Loss.

11.4 KEXIM Premium

- (a) The Borrower acknowledges that the KEXIM Lenders benefit from the KEXIM Guarantee once issued and in effect.
- (b) The Borrower and each KEXIM Lender acknowledge and agree that:
 - (i) the amounts of the KEXIM Premium will be as set forth in the relevant Fee Letter and will be payable on the dates as specified in that Fee Letter (but, for the avoidance of doubt, no KEXIM Premium or any part thereof is payable on the Closing Date); and
 - (ii) no KEXIM Lender is in any way involved in the calculation or payment (otherwise than as financed in whole or in part pursuant to this Agreement) of any part of the KEXIM Premium.

11.5 K-sure Premium.

Without prejudice to Clause 7.4(b) (*Refund of K-sure Premium*), the Borrower:

- (a) agrees, and each K-sure Lender acknowledges and agrees, that:
 - (i) the amount of any K-sure Premium will be calculated in accordance with the percentage included in the relevant defined term as of the date of this Agreement, but otherwise subject to the terms of the relevant K-sure Insurance Policy and K-sure's internal regulations; and
 - (ii) no K-sure Lender is in any way involved in the calculation or payment (otherwise than as financed in whole or in part pursuant to this Agreement) of any part of any K-sure Premium;
- (b) agrees that their obligation to pay any K-sure Premium or any part of any K-sure Premium in accordance with the relevant K-sure Insurance Policy shall be an absolute and unconditional obligation and, without limitation, shall not be affected by any failure by the Borrower to draw down funds under this Agreement or the prepayment or acceleration of the whole or any part of the Loan;
- (c) acknowledges that it shall pay an amount equivalent to each K-sure Premium (including default interest under the relevant K-sure Insurance Policy) to K-sure on the relevant due date, and no K-sure Premium will be refundable in whole or in part in any circumstances, unless otherwise provided in the relevant K-sure Insurance Policy and Clause 7.4(b) (*Refund of K-sure Premium*);
- (d) agrees that if, for any reason whatsoever, any additional premium is or becomes payable to K-sure in respect of any K-sure Insurance Policy, the Borrower shall promptly pay such additional premium in full and the Borrower shall fully cooperate with the Administrative Agent and the ECA Agent on their reasonable request to take all steps necessary on the part of the Borrower to ensure that each K-sure Insurance Policy remains in full force and effect throughout the Facility Period; and
- (e) shall indemnify K-sure in relation to any costs or expenses (including reasonable legal fees) suffered or incurred by K-sure in connection with any transfer to K-sure undertaken pursuant to Clause 30.1 (*Assignments by the Lenders*) or in connection with any review by K-sure of or

in relation to any Event of Default and/or amendment or supplement to any of the Finance Documents and/or a request for a consent or approval from K-sure.

SECTION 6 - ADDITIONAL PAYMENT OBLIGATIONS

12 No Set-Off or Tax Deduction; Tax Indemnity; FATCA

12.1 No deductions

All amounts due to each Indemnified Person under a Finance Document shall be paid:

- (a) without any form of set-off, cross-claim or condition; and
- (b) free and clear of any tax deduction except a tax deduction which such Obligor is required by law to make.

12.2 Grossing-up for taxes

If an Obligor is required by law to make a tax deduction from any payment:

- (a) such Obligor shall notify the Administrative Agent as soon as it becomes aware of the requirement;
- (b) such Obligor shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises; and
- (c) except if the deduction is for collection or payment of a Non-indemnified Tax of an Indemnified Person, the amount due in respect of the payment shall be increased by the amount necessary to ensure that each Indemnified Person receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received.

12.3 Evidence of payment of taxes

Within one (1) month after making any tax deduction, the relevant Obligor shall deliver to the Administrative Agent documentary evidence satisfactory to the Administrative Agent that the tax had been paid to the appropriate taxation authority.

12.4 Tax credits

An Indemnified Person which receives for its own account a repayment or credit in respect of tax on account of which an Obligor has made an increased payment under Clause 12.2 (*Grossing-up for taxes*) shall pay to such Obligor a sum equal to the proportion of the repayment or credit which such Indemnified Person allocates to the amount due from such Obligor in respect of which such Obligor made the increased payment, provided that:

- (a) such Indemnified Person shall not be obliged to allocate to this transaction any part of a tax repayment or credit which is referable to a class or number of transactions;
- (b) nothing in this Clause 12.4 shall oblige an Indemnified Person to disclose the contents of any tax filings or other confidential information or to arrange its tax affairs in any particular manner, to claim any type of relief, credit, allowance or deduction instead of, or in priority to, another or to make any such claim within any particular time;
- (c) nothing in this Clause 12.4 shall oblige an Indemnified Person to make a payment which would leave it in a worse position than it would have been in if the Obligor had not been required to make a tax deduction from a payment; and

- (d) any allocation or determination made by an Indemnified Person under or in connection with this Clause 12.4 shall be conclusive and binding on each Obligor.

12.5 Indemnity for taxes

The Borrower and each Guarantor hereby indemnifies and agrees to hold each Indemnified Person harmless from and against all taxes other than Non-indemnified Taxes levied on such Indemnified Person (including, without limitation, taxes imposed on any amounts payable under this Clause 12.5) paid or payable by such person, whether or not such taxes or other taxes were correctly or legally asserted. Such indemnification shall be paid within 10 days from the date on which such Indemnified Person makes written demand therefor specifying in reasonable detail the nature and amount of such taxes or other taxes.

12.6 Exclusion from indemnity and gross-up for taxes

The Borrower and each Guarantor shall not be required to indemnify any Indemnified Person for a tax pursuant to Clause 12.5 (*Indemnity for taxes*), or to pay any additional amounts to any Indemnified Person pursuant to Clause 12.2 (*Grossing-up for taxes*), to the extent that the tax is collected by withholding on payments (a "Withholding") and is levied by a Pertinent Jurisdiction of the payer and:

- (a) the person claiming such indemnity or additional amounts was not an original party to this agreement and under applicable law (after taking into account relevant treaties and assuming that such person has provided all forms it may legally and truthfully provide) on the date such person became a party to this Agreement, a Withholding would have been required on such payment, provided that this exclusion shall not apply to the extent such indemnity or additional amounts do not exceed the indemnity or additional amounts that would have been applicable if such payment had been made to the person from whom such person acquired its rights under the Agreement, and this exclusion shall not apply to the extent that such indemnity or additional amounts exceed the indemnity or additional amounts that would have been required under the law in effect on the date such person became a party to this Agreement; or
- (b) the person claiming such indemnity or additional amounts is a Lender which has changed its Lending Office and under applicable law (after taking into account relevant treaties and assuming that such Lender has provided all forms it may legally and truthfully provide) on the date such Lender changed its Lending Office Withholding would have been required on such payment, provided that this exclusion shall not apply to the extent such indemnity or additional amounts do not exceed the indemnity or additional amounts that would have been applicable to such payment if such Lender had not changed its Lending Office, and this exclusion shall not apply to the extent that the indemnity or additional amounts exceed the indemnity or additional amounts that would have been required under the law in effect immediately after such Lender changed its Lending Office; or
- (c) in the case of a Lender, to the extent that Withholding would not have been required on such payment if such Lender had complied with its obligations to deliver certain tax form pursuant to Clause 12.7 (*Delivery of tax forms*) below.

12.7 Delivery of tax forms

- (a) Upon the reasonable written request of the Borrower, each Lender or transferee that is organized under the laws of a jurisdiction outside the United States (a "**Non-U.S. Lender**") shall deliver to the Administrative Agent and the Borrower two properly completed and duly executed copies of (as applicable) IRS Form W-8BEN-E, W-8ECI or W-8IMY or, upon written request of the Borrower or the Administrative Agent, any subsequent versions thereof or successors thereto, in each case claiming such reduced rate (which may be zero) of U.S.

Federal withholding tax under Sections 1441 and 1442 of the Code with respect to payments of interest hereunder as such Non-U.S. Lender may properly claim. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code, such Non-U.S. Lender shall, when so requested in writing by the Borrower provide to the Administrative Agent and the Borrower in addition to the IRS Form W-8BEN-E required above a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code), and such Non-U.S. Lender agrees that it shall promptly notify the Administrative Agent in the event any representation in such certificate is no longer accurate.

- (b) In the event that Withholding taxes may be imposed under the laws of any Pertinent Jurisdiction (other than the United States or any political subdivision or taxing jurisdiction thereof or therein) in respect of payments on the Loan or other amounts due under this Agreement and if certain documentation provided by a Lender could reduce or eliminate such Withholding taxes under the laws of such Pertinent Jurisdiction or any treaty to which the Pertinent Jurisdiction is a party, then, upon written request by an Obligor, a Lender that is entitled to an exemption from, or reduction in the amount of, such Withholding tax shall deliver to such Obligor (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or promptly after receipt of the Obligor's request, whichever is later, such properly completed and executed documentation requested by the Obligor, if any, as will permit such payments to be made without withholding or at a reduced rate of withholding; **provided that** such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or delivery would not materially prejudice the legal or commercial position of such Lender.
- (c) Each Lender shall deliver such forms as required in this Clause 12.7 within twenty (20) days after receipt of a written request therefor from the Administrative Agent or the Obligor.
- (d) Notwithstanding any other provision of this Clause 12.7, a Lender shall not be required to deliver any form pursuant to this Clause 12.7 that such Lender is not legally entitled to deliver.

12.8 Application to Hedging Master Agreements

For the avoidance of doubt, Clause 12 (*No Set-Off or Tax Deduction; Tax Indemnity; FATCA*) does not apply in respect of sums due from any Obligor to a hedge counterparty under or in connection with a Hedging Master Agreement as to which sums the provisions of Section 2(d) (Deduction or Withholding for Tax) of that Hedging Master Agreement shall apply.

12.9 FATCA information

- (a) Subject to paragraph (c) below, within ten (10) Business Days of a reasonable request by another FATCA Relevant Party, each FATCA Relevant Party shall:
 - (i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and
 - (ii) supply to the requesting party (with a copy to the Administrative Agent) such other form or forms (including IRS Form W-8BEN-E or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "**passthru percentage**" or other information required under FATCA or other official guidance, including any applicable intergovernmental agreements) as the requesting party reasonably requests for the purpose of determining whether any payment to such party may be subject to any FATCA Deduction.

- (b) If a FATCA Relevant Party confirms to any other FATCA Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8BEN-E or W-9 to show 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 so notify all other FATCA Relevant Parties reasonably promptly.
- (c) Nothing in this Clause 12.9 shall obligate any FATCA Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); **provided that** nothing in this paragraph shall excuse any FATCA Relevant Party from providing a true complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.
- (d) If a FATCA Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with the provisions of this Agreement, or if the provided information is insufficient under FATCA, then:
 - (i) such party shall be treated as a FATCA Non-Exempt Party; and
 - (ii) if, to the extent relevant, that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

12.10 FATCA withholding

- (a) A FATCA Relevant Party making a payment to any FATCA Non-Exempt Party shall make such FATCA Deduction as it determines is required by law and shall render payment to the IRS within the time allowed and in the amount required by FATCA.
- (b) If a FATCA Deduction is required to be made by any FATCA Relevant Party to a FATCA Non-Exempt Party, the amount of the payment due from such FATCA Relevant Party to such FATCA Non-Exempt Party shall be reduced by the amount of the FATCA Deduction reasonably determined to be required by such FATCA Relevant Party.
- (c) Each FATCA Relevant Party shall promptly upon becoming aware that a FATCA Deduction is required with respect to any payment owed to it (or that there is any change in the rate or basis of a FATCA Deduction) notify each other FATCA Relevant Party accordingly.
- (d) Within thirty days of making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the party making such FATCA Deduction shall deliver to the Administrative Agent for delivery to the party on account of whom the FATCA Deduction was made evidence reasonably satisfactory to that party that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the IRS.
- (e) A FATCA Relevant Party who becomes aware that it must make a FATCA Deduction in respect of a payment to another FATCA Relevant Party (or that there is any change in the rate or basis of such FATCA Deduction) shall notify that party and the Administrative Agent.
- (f) The Administrative Agent shall promptly upon becoming aware that it must make a FATCA Deduction in respect of a payment to a Lender which relates to a payment by a Borrower (or

that there is any change in the rate or the basis of such a FATCA Deduction) notify the Borrower and the relevant Lender.

- (g) If a FATCA Deduction is made as a result of any Finance Party failing to be a FATCA Exempt Party, such party shall indemnify each other Finance Party against any loss, cost or expense to it resulting from such FATCA Deduction.

13 Increased Costs

13.1 Increased Costs

- (a) Subject to Clause 13.3 (*Exceptions*), the Borrower shall, within three (3) Business Days of a demand by the Administrative 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 which arises as a result of a Change in Law.
- (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 Administrative Agent of the event giving rise to that claim, following which the Administrative Agent shall promptly notify the Borrower.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Administrative Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

- (a) Clause 13.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:
 - (i) attributable to a tax deduction required by law to be made by an Obligor;
 - (ii) attributable to a FATCA Deduction required to be made by a Party;
 - (iii) compensated for by Clause 12.5 (*Indemnity for Taxes*) (or would have been compensated for under Clause 12.5 (*Indemnity for Taxes*) but was not so compensated solely because any of the exclusions in Clause 12.5 (*Indemnity for Taxes*) applied); or
 - (iv) attributable to the willful breach by the relevant Finance Party or its Affiliates of any law or regulation.

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; and/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, within three (3) Business Days of demand by a Finance Party, indemnify each Finance Party to whom that Sum is due against any Losses arising out of or as a result of the conversion including any discrepancy between (i) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (ii) 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.

14.2 Other indemnities

The Borrower shall (or shall procure that another Obligor will), within three (3) Business Days of demand by a Finance Party or K-sure, indemnify, on an after tax basis, each Finance Party and K-sure (as the case may be) against any Losses (including, without limitation, taxes imposed on any amounts payable under this Clause 14.2) incurred by that Finance Party or K-sure as a result of:

- (a) the occurrence of any Default;
- (b) any information produced or approved by the Borrower being misleading and/or deceptive in any respect;
- (c) any inquiry, investigation, subpoena (or similar order) or litigation with respect to any Obligor or with respect to the transactions contemplated or financed under this Agreement;
- (d) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including, without limitation, any and all Losses arising as a result of Clause 35 (*Sharing among the Finance Parties*);
- (e) funding, or making arrangements to fund, its participation in an Advance requested by the Borrower in a Utilization 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);
- (f) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

14.3 Indemnity to the Administrative Agent and the Security Agent

The Borrower shall promptly indemnify the Administrative Agent and the Security Agent against:

- (a) any and all Losses incurred by the Administrative Agent or the Security Agent as a result of:
 - (i) investigating any event which it reasonably believes is a Default;
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorized;
 - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; or
 - (iv) any action taken by the Administrative Agent or the Security Agent, or any of its or their representatives, agents or contractors in connection with any powers conferred by any Finance Document to remedy any breach of any obligations of any Obligor or any manager or charterer of any Ship; and
- (b) any Losses incurred by the Administrative Agent or the Security Agent, (otherwise than by reason of the Administrative Agent's or the Security Trustee's gross negligence or willful misconduct); or, in the case of Losses pursuant to Clause 36.9 (*Disruption to payment systems etc.*), notwithstanding the Administrative Agent's or the Security Trustee's negligence, gross negligence, or any other category of liability whatsoever (except fraud of the Administrative Agent or the Security Agent acting in such capacity under the Finance Documents).

14.4 Indemnity concerning security

- (a) The Borrower shall (or shall procure that another Obligor will) promptly indemnify each Indemnified Person against any and all Losses incurred by it in connection with:
 - (i) any failure by the Borrower to comply with Clause 16 (*Costs and expenses*);
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorized;
 - (iii) the taking, holding, protection or enforcement of the Security Documents;
 - (iv) the exercise or purported exercise of any of the rights, powers, discretions and remedies vested in the Security Agent by the Finance Documents or by law unless and to the extent that it was caused by its gross negligence or willful misconduct; or
 - (v) any claim (whether relating to the environment or otherwise) made or asserted against the Indemnified Person which would not have arisen but for the execution or enforcement of one or more Finance Documents unless and to the extent that it was caused by its gross negligence or willful misconduct.

- (b) The Security Agent may, in priority to any payment to the other Finance Parties, indemnify itself out of the Trust Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in paragraph (a) above and Clause 14.3 (*Indemnity to the Administrative Agent and the Security Agent*) and shall have a lien on the Security Documents and the proceeds of the enforcement of those Security Documents for all moneys payable to it.

14.5 KEXIM Indemnity

The Borrower shall promptly indemnify KEXIM and the KEXIM Lenders against any cost, loss or liability incurred by KEXIM and the KEXIM Lenders (acting reasonably) as a result of:

- (i) investigating any event which it reasonably believes is a covered risk (howsoever described) under the KEXIM Guarantee; or
- (ii) exercising any of the rights, powers, discretions or remedies vested in it under the KEXIM Guarantee or by law.

14.6 Interest

Moneys becoming due by the Borrower to any Indemnified Person under the indemnities contained in this Clause 14 or elsewhere in this Agreement shall be paid on demand made by such Indemnified Person and shall be paid together with interest on the sum demanded from the date of demand therefor to the date of reimbursement by the Borrower to such Indemnified Person (both before and after judgment) at the rate referred to in Clause 8.3 (*Default interest*).

14.7 Continuation of indemnities

The indemnities by the Borrower in favor of the Indemnified Persons contained in this Agreement shall continue in full force and effect notwithstanding any breach by any Finance Party or the Borrower of the terms of this Agreement, the repayment or prepayment of the Loan, the cancellation of the Total Commitments or the repudiation by the Administrative Agent or the Borrower of this Agreement.

14.8 Exclusion of liability

No Indemnified Person will be in any way liable or responsible to any Obligor (whether as mortgagee in possession or otherwise) who is a Party or is a party to a Finance Document to which this clause applies for any loss or liability arising from any act, default, omission or misconduct of that Indemnified Person, except to the extent caused by such Indemnified Party's own gross negligence or willful misconduct. In no event shall any Indemnified Party be responsible or liable for special, indirect or consequential loss or punitive damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether such Administrative Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

14.9 Sanctions Indemnity

- (a) Each Obligor shall indemnify and hold harmless any Finance Party for any and all claims, losses, damages, liabilities, expenses and costs of whatever nature, including reasonable attorneys' fees and expenses, arising out of such Obligor's, including its owners, officers, employees, and agents, non-compliance with any Sanctions laws or connected with such noncompliance, incurred by such Finance Party as a result of such Obligor's violation of its obligations under this Agreement.
- (b) In relation to each Lender that notifies the Administration Agent to this effect (each a **Restricted Lender**), this Clause 14.9 shall only apply for the benefit of that Restricted Lender

to the extent that the provisions in this Clause 14.9 would not result in (i) any violation of or conflict with Council Regulation (EC) 2271/96 or (ii) a violation of or conflict with section 7 German foreign trade rules (AWV) (*Außenwirtschaftsverordnung*) or a similar anti-boycott statute.

15 Mitigation by the Lenders

15.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrower, 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*), 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) The Borrower shall promptly indemnify each Finance Party for all costs and expenses 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 Obligors shall promptly and within five (5) Business Days of demand from any Finance Party or K-sure pay the Finance Parties or K-sure (i) all amounts in accordance with the Fee Letters, and (ii) the amount of all costs and expenses (including fees, insurance, documented legal fees (subject to the proviso (iii) below) and out of pocket expenses, and expenses of other consultants and advisers) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution, syndication, registration and perfection and any release, discharge, termination or reassignment of:

- (a) this Agreement, the Hedging Master Agreements and any other documents referred to in any Finance Document;
- (b) any other Finance Documents executed or proposed to be executed after the date of this Agreement including any executed to provide additional security under Clause 24 (*Minimum security value*); or
- (c) any Security Interest expressed or intended to be granted by a Finance Document;

Provided that, other than the legal fees of Norton Rose Fulbright US LLP acting on behalf of all Lenders, the Borrower is not responsible for legal fees or other expenses of other consultants and advisors which have been unreasonably and unnecessarily incurred by any of the Lenders outside common market practice.

16.2 Amendment costs

If an Obligor requests an amendment, waiver or consent, the Borrower shall, within five (5) Business Days of demand by the Administrative Agent or K-sure, reimburse the Administrative Agent or K-sure for the amount of all costs and expenses (including reasonable fees, documented costs and expenses of legal advisers and insurance and other consultants and advisers) reasonably incurred by the Administrative Agent and the Security Agent or K-sure in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement and preservation costs

The Borrower shall within five (5) Business Days of demand by a Finance Party or K-sure pay to each Finance Party or K-sure the amount of all reasonable costs and expenses (including fees, documented costs and expenses of legal advisers and insurance and other consultants, brokers, surveyors and advisers) incurred by that Finance Party or K-sure in connection with:

- (a) the enforcement of, or the preservation of any rights under, any Finance Document and the K-sure Insurance Policies and any proceedings initiated by or against any Indemnified Person and as a consequence of holding the Collateral or enforcing those rights and any proceedings instituted by or against any Indemnified Person as a consequence of taking or holding the Security Documents or enforcing those rights;
- (b) any valuation carried out under Clause 24 (*Minimum security value*); or
- (c) any inspection carried out under Clause 22.7 (*Inspection and notice of drydockings*) or any survey carried out under Clause 22.16 (*Survey report*), in each case limited to once per year per Ship provided no Event of Default has occurred and is continuing.

SECTION 7 - REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

17 Representations

Each Obligor makes and repeats the representations and warranties set out in this Clause 17 to each Finance Party at the times specified in Clause 17.35 (*Times when representations are made*).

17.1 Status

- (a) Each Obligor is duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation as a corporation or limited liability company.
- (b) Each Obligor has the power and authority to carry on its business as it is now being conducted and to own its property and other assets.

17.2 Binding obligations

Subject to the Legal Reservations, the obligations expressed to be assumed by each Obligor in each Transaction Document to which it is, or is to be, a party are or, when entered into by it, will be legal, valid, binding and enforceable obligations and each Security Document to which an Obligor is, or will be, a party, creates or will create the Security Interests which that Security Document purports to create and those Security Interests are or will be valid and effective.

17.3 Power and authority

- (a) Each Obligor has the power and authority to enter into, perform and deliver and comply with its obligations under, and has taken all necessary action to authorize its entry into, each Transaction Document to which it is or is to be a party.
- (b) No limitation on any Obligor's powers to borrow, create security or give guaranties will be exceeded as a result of any transaction under, or the entry into of, any Transaction Document to which such Obligor is, or is to be, a party.

17.4 Non-conflict

The entry into and performance by each Obligor of, and the transactions contemplated by, each Transaction Document and the granting of the Security Interests purported to be created by the Security Documents do not and will not conflict with:

- (a) any law or regulation applicable to any Obligor;
- (b) the Constitutional Documents of any Obligor; or
- (c) any agreement or other instrument binding upon any Obligor or its or any other Obligor's assets, or constitute a default or termination event (however described) under any such agreement or instrument or result in the creation of any Security Interest (save for a Permitted Maritime Lien or under a Security Document) on any Obligor's assets, rights or revenues.

17.5 Validity and admissibility in evidence

- (a) All authorizations required or desirable:
 - (i) to enable each Obligor lawfully to enter into, exercise its rights and comply with its obligations under each Transaction Document to which it is a party;

- (ii) to make each Transaction Document to which it is a party admissible in evidence in its Pertinent Jurisdiction; and
- (iii) to ensure that each of the Security Interests created under the Security Documents has the priority and ranking contemplated by therein,

have been obtained or effected and are in full force and effect.

- (b) All authorizations necessary for the conduct of the ordinary course of business of each Obligor have been obtained or effected and are in full force and effect if failure to obtain or effect those authorizations might result in a Material Adverse Change.

17.6 Governing law and enforcement

- (a) The choice of New York law or any other applicable law as the governing law of any Transaction Document should be recognized and enforced in each Obligor's jurisdiction of incorporation or formation.
- (b) Any judgment obtained in a New York court of proper jurisdiction against an Obligor in respect of a Finance Document should be recognized and enforced in each Obligor's jurisdiction of incorporation or formation subject to any statutory or other conditions or limitations of such jurisdiction.

17.7 Information

- (a) To the best of any Obligor's knowledge, all written Information was true and accurate in all material respects at the time it was given or made.
- (b) To the best of any Obligor's knowledge, there are no facts or circumstances or any other information which could make the Information incomplete, untrue, inaccurate or misleading in any material respect.
- (c) To the best of any Obligor's knowledge, the Information does not omit anything which could make the Information incomplete, untrue, inaccurate or misleading in any material respect.
- (d) All projections, forecasts or expressions of intention contained in the Information and the assumptions on which they are based have been arrived at after due and careful inquiry and consideration and were believed to be reasonable by the person who provided that Information as at the date it was given or made to the extent that they have been provided directly by an Obligor.
- (e) For the purposes of this Clause 17.7, "**Information**" means: any information provided by any Obligor or, with respect to the Borrower, any other entity required to be treated as a subsidiary in its consolidated accounts in accordance with GAAP and/or any applicable law to any Finance Party in connection with the Transaction Documents or the transactions referred to in them.

17.8 Original Financial Statements

- (a) The Original Financial Statements are an accurate and fair representation of the financial condition, result of operations and cash flows of the Obligors, on a consolidated basis, and were prepared in accordance with GAAP; and
- (b) There has been no Material Adverse Change since the date of the Original Financial Statements.

17.9 Pari passu ranking

Each Obligor's payment obligations under the Finance Documents to which it is, or is to be, a party rank at least *pari passu* with all its other present and future unsecured and unsubordinated payment obligations, except for obligations mandatorily preferred by law applying to companies generally.

17.10 Ranking and effectiveness of security

Subject to the Legal Reservations and any filing, registration or notice requirements which is referred to in any Legal Opinion, the security created by the Security Documents has (or will have when the Security Documents have been executed) the priority which it is expressed to have in the Security Documents, the Collateral is not subject to any Security Interest other than Permitted Security Interests and such security will constitute perfected security on the assets described in the Security Documents.

17.11 No insolvency

No Insolvency Event or creditors' process described in Clause 28.10 (*Creditors' process*) has been taken or, to the knowledge of any Obligor, threatened in relation to any Obligor or any Subsidiary of any Obligor, and none of the circumstances described in Clause 28.8 (*Insolvency*) applies to any Obligor or any Subsidiary of any Obligor.

17.12 No Default

- (a) No Default is continuing or is reasonably likely to result from the making of any Utilization 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, with the expiry of a grace period, the giving of notice, a determination having been made or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any Obligor or any Subsidiary of any Obligor, or to which any Obligor's or any of its Subsidiaries' assets are subject, which might result in a Material Adverse Change.

17.13 No proceedings pending or threatened

- (a) No litigation, arbitration or administrative, regulatory or criminal proceedings or investigations of, or before, any court, arbitral body or agency have been started or (to the best of any Obligor's knowledge and belief having made due and careful inquiries) threatened against any Upstream Guarantor or the Borrower.
- (b) No litigation, arbitration or administrative, regulatory or criminal proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined are reasonably likely to result in a Material Adverse Change, have, to the best of any Obligor's knowledge and belief having made due and careful inquiries, been started or threatened against the Facility Guarantor.

17.14 No breach of laws

- (a) No Obligor or, to the best of such Obligor's knowledge, Subsidiary of any Obligor has breached in any respect any law or regulation, which breach has or is reasonably likely to result in a Material Adverse Change.

- (b) No labor dispute is current or, to the best of any Obligor's knowledge and belief (having made due and careful inquiry), threatened against any Obligor or Subsidiary of any Obligor which might result in a Material Adverse Change.

17.15 Environmental matters

- (a) To the best of any Obligor's knowledge, no Environmental Law applicable to any Ship and/or any Obligor has been violated.
- (b) To the extent applicable to any Ship, all consents, licenses and approvals required under such Environmental Laws have been obtained and are currently in force.
- (c) No Environmental Claim has been made or, to the best of any Obligor's knowledge is threatened or is pending against any Obligor, any Subsidiary of the Obligors or any Ship and there has been no Environmental Incident which has given or might give rise to such a claim.

17.16 Taxes

- (a) All payments which an Obligor is liable to make under the Finance Documents to which it is a party can properly be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction applicable as of the Closing Date excluding any FATCA Deduction, and provided that each Lender provides a form described in Clause 12.7 claiming a zero percent U.S. Federal withholding tax rate.
- (b) Each Obligor has timely filed or has caused to be filed all tax returns and other reports that it is required by law or regulation to file in any Pertinent Jurisdiction, and has paid or caused to be paid all taxes, assessments and other similar charges that are due and payable in any Pertinent Jurisdiction, other than taxes and charges:
 - (i) which (A) are not yet due and payable or (B) are being contested in good faith by appropriate proceedings and for which adequate reserves have been established and as to which such failure to have paid such tax does not create any risk of sale, forfeiture, loss, confiscation or seizure of a Ship or of criminal liability; or
 - (ii) the non-payment of which could not reasonably be expected to have a Material Adverse Change on the financial condition of such Obligor.
- (c) The charges, accruals, and reserves on the books of each Obligor respecting taxes are adequate in accordance with GAAP.
- (d) No material claim for any tax has been asserted against an Obligor by any Pertinent Jurisdiction or other taxing authority other than claims that are included in the liabilities for taxes in the most recent balance sheet of such person or disclosed in the notes thereto, if any.
- (e) The execution, delivery, filing and registration or recording (if applicable) of the Finance Documents and the consummation of the transactions contemplated thereby will not cause any of the Finance Parties to be required to make any registration with, give any notice to, obtain any license, permit or other authorization from, or file any declaration, return, report or other document with any governmental authority in any Pertinent Jurisdiction.
- (f) No taxes are required by any governmental authority in any Pertinent Jurisdiction to be paid with respect to or in connection with the execution, delivery, filing, recording, performance or enforcement of any Finance Document.

- (g) The execution, delivery, filing, registration, recording, performance and enforcement of the Finance Documents by any of the Finance Parties will not cause such Finance Parties to be subject to taxation under any law or regulation of any governmental authority in any Pertinent Jurisdiction of any Obligor.
- (h) It is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement or any other Finance Document that any stamp, registration or similar taxes be paid on or in relation to this Agreement or any of the other Finance Documents.

17.17 Security and Financial Indebtedness

- (a) No Security Interest exists over all or any of the present assets of any Obligor (except for any Permitted Security Interests and any Security Interests granted by the Facility Guarantor in connection with the RBS Facility Agreement).
- (b) No Obligor has any Financial Indebtedness outstanding in breach of this Agreement.

17.18 Ship status

Each Mortgaged Ship will on the first day of the relevant Mortgage Period be:

- (a) registered in the name of the relevant Upstream Guarantor through the relevant Registry as a ship under the laws and flag of the relevant Flag State;
- (b) operationally seaworthy and in every way fit for service;
- (c) classed with the relevant Classification free of all overdue requirements and recommendations of the relevant Classification Society; and
- (d) insured in the manner required by the Finance Documents.

17.19 Legal and beneficial ownership

- (a) Each Obligor is the sole legal and beneficial owner of the respective assets over which it purports to grant a Security Interest under the Security Documents.
- (b) The Borrower is a wholly-owned subsidiary of the Facility Guarantor.
- (c) Each Upstream Guarantor is a wholly-owned subsidiary of the Borrower.

17.20 Shares

- (a) All of the Equity Interests of the Borrower and each Upstream Guarantor have been validly issued, are fully paid, non-assessable and free and clear of all Security Interests other than Permitted Security Interests.
- (b) None of the Equity Interests of the Borrower or any Upstream Guarantor are subject to any existing option, warrant, call, right, commitment or other agreement of any character to which the Borrower or any Upstream Guarantor is a party requiring, and there are no Equity Interests of the Borrower or any Upstream Guarantor outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional Equity Interests of the Borrower or any Upstream Guarantor or other Equity Interests convertible into, exchangeable for or evidencing the right to subscribe for or purchase Equity Interests of the Borrower or any Upstream Guarantor.

17.21 Accounting Reference Date

The financial year-end of each Obligor is the Accounting Reference Date.

17.22 No adverse consequences

- (a) To the best of any Obligor's knowledge, it is not necessary under the laws of any Obligor's jurisdiction of incorporation or formation:
- (i) in order to enable any Finance Party to enforce its rights under any Finance Document; or
 - (ii) by reason of the execution of any Finance Document or the performance by any Obligor of its obligations under any Finance Document to which it is, or is to be, a party,
- that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of such jurisdiction.
- (b) To the best of any Obligor's knowledge, no Finance Party is or will be deemed to be resident, domiciled or carrying on business in any Pertinent Jurisdiction by reason only of the execution, performance and/or enforcement of any Finance Document.

17.23 Copies of documents

The copies of those Transaction Documents which are not Finance Documents and the Constitutional Documents of the Obligors delivered to the Administrative Agent under Clause 4 (*Conditions of Utilization*) will be true, complete and accurate copies of such documents and include all amendments and supplements to them as at the time of such delivery and no other agreements or arrangements exist between any of the parties to those Transaction Documents which would materially affect the transactions or arrangements contemplated by them or modify or release the obligations of any party under them.

17.24 No breach of Charter Documents or Shipbuilding Contracts

No Obligor nor to the best of any Obligor's knowledge and belief any other person is in breach of any Charter Document or Shipbuilding Contract to which it is a party nor has anything occurred which entitles or may entitle any party to rescind or terminate it or decline to perform their obligations under it.

17.25 No immunity

No Obligor or any of its assets is immune to any legal action or proceeding.

17.26 Ship's employment

Except as otherwise specified in this Agreement, each Ship shall on the first day of the relevant Mortgage Period:

- (a) if applicable, have been delivered and accepted for service, under its Long Term Charter;
- (b) if applicable, be employed in the Approved Pooling Arrangement or such other pooling arrangement approved by the Required Lenders, such approval not to be unreasonably withheld or delayed; and

(c) be free of any charter commitment which, if entered into after that date, would require approval under the Finance Documents.

17.27 Rebates; commissions

There are no rebates, commissions or other payments to the Obligors in connection with any Shipbuilding Contract or any Acceptable Charter other than those referred to in it.

17.28 Compliance

Each Ship and the person responsible for its operation are in compliance with all requirements of the ISM Code and the ISPS Code.

17.29 Employees

As of the date of this Agreement, neither the Borrower nor any Upstream Guarantor has any employees.

17.30 ERISA Compliance

(a) Except for those that would not, in the aggregate, reasonably be expected to have a Material Adverse Change, (i) each Benefit Plan and Foreign Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other requirements of law, (ii) there are no pending (or to the knowledge of any Obligor, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Benefit Plan or Foreign Benefit Plan, (iii) no ERISA Event is reasonably expected to occur, and (iv) no Foreign Benefit Plan has any unfunded liability that is not accrued for to the extent required under generally accepted accounting principles in the appropriate financial statements.

(b) On the Closing Date, no ERISA Event has occurred in connection with which obligations and liabilities (contingent or otherwise) remain outstanding or could reasonably be expected to result in liability to any Obligor or any of its Subsidiaries in excess of \$500,000.

17.31 No Money Laundering

Each Obligor is acting for its own account in relation to the Loan and in relation to the performance and the discharge of its respective obligations and liabilities under the Finance Documents and the transactions and other arrangements effected or contemplated by the Finance Documents to which such Obligor is a party (including, without limitation, the borrowing by the Borrower of the Loan), and, to the best of its knowledge and to the extent applicable to such Obligor, the foregoing will not involve or lead to a contravention of any law, official requirement or other regulatory measure or procedure which has been implemented to combat Money Laundering or similar legislation in other jurisdictions.

17.32 Anti-Bribery and Corruption Laws

(a) To the knowledge of each Obligor, it and each Subsidiary of the Obligors have conducted and are conducting their businesses in compliance with Anti-Bribery and Corruption Laws.

(b) To the knowledge of each Obligor, it and each Subsidiary of the Obligors have instituted and maintained systems, controls, policies and procedures designed to:

(i) to prevent and detect incidences of bribery and corruption; and

- (ii) to promote and achieve compliance with Anti-Bribery and Corruption Laws including, but not limited to, ensuring thorough and accurate books and records, and utilization of commercially reasonable efforts to ensure that Affiliates acting on behalf of the Obligor or its Subsidiaries shall act in compliance with Anti-Bribery and Corruption Laws.
- (c) To the knowledge of each Obligor, neither any Obligor nor any of their Subsidiaries, is (or ought reasonably to be) aware, that any of their respective directors, officers, employees or agents has:
 - (i) directly or indirectly, made, offered to make, promised to make or authorized the offer, payment, or giving of, any value, including a financial or other advantage for an improper purpose within the meaning of, the Anti-Bribery and Corruption Laws;
 - (ii) directly or indirectly used any corporate funds for any contribution, gift, entertainment or other expense relating to political office or activity in violation of the Anti-Bribery and Corruption Laws;
 - (iii) made any direct or indirect payment or transfer of value to any public official or any company employee from corporate funds in violation of Anti-Bribery and Corruption Laws;
 - (iv) received directly or indirectly any bribe, rebate, payoff, influence payment, kickback or other payment or transfer of value prohibited under Anti-Bribery and Corruption Laws; or
 - (v) been or is subject to any litigation, arbitration or administrative, regulatory or criminal proceedings or investigation with regard to any actual or alleged unlawful payment, improper transfer of value or other violation of Anti-Bribery and Corruption Laws.
- (d) No Obligor nor any of their Subsidiaries will directly or indirectly use the proceeds of the Facility for any purpose which would be in violation of the Anti-Bribery and Corruption Laws.
- (e) Upon reasonable belief that any Obligor or Subsidiary thereof may have violated its representations, warranties, or covenants contained in this Clause 17.32, any Lender may instigate an audit of the Obligor or Subsidiary on not less than seven (7) days' notice. Any Obligor or Subsidiary receiving such notice shall provide reasonable assistance in such audit, including, but not limited to, making all requested books, records, accounts, and personnel requested reasonably available to those conducting the audit.

17.33 No other material events or facts

Without prejudice to the generality of Clause 17.7 (*Information*), there are no other material events, circumstances or facts (political, commercial or otherwise), to any Obligor's knowledge, which may give rise to any loss or claim under any K-sure Insurance Policy or the KEXIM Guarantee.

17.34 Defense

Any claim or defense that the Obligor may have or hold in respect of the Transaction Documents shall not affect its payment obligations under the Finance Documents and that any claim or defense that any Obligor may have or hold in respect of any Transaction Document or against any of the parties thereto or any dispute arising in connection with a Transaction Document among the parties thereto, shall not affect its payment obligations under the Finance Documents.

17.35 Times when representations are made

- (a) All of the representations and warranties set out in this Clause 17 (other than Ship Representations) are deemed to be made on the dates of:
 - (i) this Agreement;
 - (ii) each Utilization Request;
 - (iii) each Utilization; and
 - (iv) each Release Date.
- (b) The Repeating Representations are deemed to be repeated on the first day of each Interest Period.
- (c) All of the Ship Representations are deemed to be made and repeated on the first day of the Mortgage Period for the relevant Ship.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances then existing at the date the representation or warranty is deemed to be made (and with respect to Clause 17.8 (*Original Financial Statements*), such representation or warranty shall be deemed to be repeated with reference to the most recent Annual Financial Statements or, as the case may be, Semi-annual Financial Statements delivered under Clause 18.1 (*Financial statements*)).

18 Information undertakings

The Facility Guarantor undertakes that this Clause 18 will be complied with throughout the Facility Period.

In this Clause 18:

Facility Guarantor's Annual Financial Statements means the consolidated audited financial statements of the Facility Guarantor for that financial year delivered pursuant to Clause 18.1 (*Financial statements*).

Facility Guarantor's Quarterly Financial Statements means the consolidated unaudited financial statements of the Facility Guarantor for that fiscal quarter delivered pursuant to Clause 18.1 (*Financial statements*).

Borrower's and Upstream Guarantor's Management Accounts means the cumulative (but not consolidated) management accounts for the Borrower and the management accounts for the Upstream Guarantors delivered pursuant to Clause 18.1(b) (*Financial statements*).

18.1 Financial statements

- (a) Whether or not the Facility Guarantor is then subject to Sections 13(a) or 15(d) of the Exchange Act, the Facility Guarantor shall prepare and deliver to the Administrative Agent:
 - (i) as soon as reasonably practicable and in any event within 120 days after the Accounting Reference Date, an annual report on Form 20-F (or any successor form) containing the Facility Guarantor's Annual Financial Statements and other information required to be contained therein for the immediately preceding fiscal year (including a balance sheet and a statement of profit and loss and cash flow for such fiscal year);

- (ii) as soon as reasonably practicable and in any event within 45 days after the end of each fiscal quarter, quarterly reports on Form 6-K (or any successor form) containing the Facility Guarantor's Quarterly Financial Statements for and as of the end of such fiscal quarter;
- (iii) a Compliance Certificate together with the quarterly reports that the Facility Guarantor delivers in (ii) above;
- (iv) on May 15, 2015 and, at all times thereafter, prior to each financial year, a consolidated budget (consisting of a profit and loss statement, a cash flow statement and a balance sheet for the upcoming financial year) with respect to the Facility Guarantor and the Borrower, and a profit and loss statement with respect to each Upstream Guarantor; and
- (v) such further relevant financial information (including without limitation fleet employment, operating expenses and debt levels per Ship) as may be reasonably requested by the Administrative Agent, each to be in such form as the Administrative Agent may reasonably request;

provided that the Facility Guarantor will be deemed to have furnished to the Administrative Agent such reports and information referred to in (i) and (ii) above if the Facility Guarantor has filed such reports and information with the SEC via the EDGAR system (or any successor system) and such reports and information are publicly available.

- (b) The Borrower and each Upstream Guarantor shall supply to the Administrative Agent, within 45 days after the end of each fiscal quarter, the Borrower's and Upstream Guarantor's Management Accounts for the immediately preceding fiscal quarter.
- (c) The Borrower and each Upstream Guarantor shall supply to the Administrative Agent, within 120 days after the end of each fiscal year, the Borrower's and Upstream Guarantor's Management Accounts for the immediately preceding fiscal year.

18.2 Provision and contents of Compliance Certificate

- (a) The Facility Guarantor shall deliver a Compliance Certificate to the Administrative Agent within three (3) Business Days of delivery of each set of the Facility Guarantor's Annual Financial Statements and the Facility Guarantor's Quarterly Financial Statements, as applicable.
- (b) Each Compliance Certificate shall, among other things, set out (in reasonable detail) computations as to compliance with Clause 19 (*Financial Covenants*).
- (c) Each Compliance Certificate shall be signed by the chief financial officer of the Facility Guarantor or, in his or her absence, by the chief executive officer of the Facility Guarantor, as applicable.

18.3 Requirements as to financial statements

- (a) The Facility Guarantor shall procure that each set of the Facility Guarantor's Annual Financial Statements and the Facility Guarantor's Quarterly Financial Statements includes a profit and loss account, a balance sheet and a cash flow statement and that, in addition each set of the Facility Guarantor's Annual Financial Statements shall be audited by the Auditors.
- (b) The Borrower and each Upstream Guarantor shall procure that the Borrower's and Upstream Guarantor's Management Accounts includes a profit and loss account for each Ship.

- (c) Each set of the Facility Guarantor's Annual Financial Statements, the Facility Guarantor's Quarterly Financial Statements and the Borrower and Upstream Guarantor's Quarterly Management Accounts shall be supplemented, to the extent required by GAAP, by up to date details of any time-charter hire commitments and all off balance sheet commitments.
- (d) Each set of financial statements delivered pursuant to Clause 18.1 (*Financial statements*) shall:
 - (i) accurately and fairly represent the financial condition, result of operations and cash flows of the Facility Guarantor, and be prepared in accordance with GAAP; and
 - (ii) in the case of annual audited financial statements, not be the subject of any qualification in the Auditors' opinion.
- (e) The Facility Guarantor shall procure that each set of financial statements delivered pursuant to Clause 18.1 (*Financial statements*) shall be prepared using accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements. Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

18.4 Information: miscellaneous

The Borrower shall supply to the Administrative Agent:

- (a) following the occurrence of an Event of Default, copies of all documents dispatched by any Obligor to its creditors generally (or any class of them);
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any Obligor or any Subsidiary of any Obligor;
- (c) promptly, such information as the Administrative Agent may reasonably require about the Collateral and compliance of the Obligors or any manager or charterer of any Ship; and
- (d) promptly on request, such further information regarding the financial condition, assets and operations of the Borrower and/or any other Obligor (including, without limitation, any information regarding each individual Ship's, the Obligors', or the Borrower's Subsidiaries' cash flow forecasts) as any Finance Party through the Administrative Agent may reasonably request.

18.5 Notification of Default

- (a) The Borrower shall notify the Administrative Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon the Borrower or any Obligor becoming aware of its occurrence (unless the Borrower or that Obligor is aware that a notification has already been provided to the Administrative Agent).
- (b) Promptly upon a request by the Administrative Agent, the Borrower shall supply to the Administrative Agent a certificate signed by a director or officer of the Facility Guarantor 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).

18.6 "Know your customer" checks

- (a) If:
 - (i) the existing law; 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 or the composition of the shareholders or members of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment by a Lender or a Swap Bank of any of its rights under this Agreement or any Hedging Contract to a party that is not already a Lender or a Swap Bank prior to such assignment,

obliges the Administrative Agent, the relevant Swap Bank or any Lender (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, each Obligor shall promptly upon the request of the Administrative Agent or any Lender or any Swap Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself or on behalf of any Lender or any Swap Bank) or any Lender or any Swap Bank (for itself or, in the case of the event described in paragraph (iii) above, any prospective new Lender or Swap Bank) in order for the Administrative Agent, such Lender or such Swap Bank or, in the case of the event described in paragraph (iii) above, any prospective new Lender or Swap Bank to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Finance Party shall, promptly upon the request of the Administrative Agent or the Security Agent, supply or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent or the Security Agent (for itself) in order for it to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

19 Financial Covenants

The Borrower undertakes that this Clause 19 will be complied with throughout the Facility Period.

19.1 Financial definitions

Cash Equivalents means:

- (a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof)
- (b) time deposits, certificates of deposit or deposits in the interbank market of any commercial bank of recognized standing organized under the laws of the United States of America, any state thereof or any foreign jurisdiction having capital and surplus in excess of \$500,000,000; and
- (c) such other securities or instruments as the Required Lenders shall agree in writing.

Consolidated EBITDA means, for any accounting period, the consolidated net income of the Facility Guarantor for that accounting period:

- (a) plus, to the extent deducted in computing the net income of the Facility Guarantor for that accounting period, the sum, without duplication, of:
- (i) all federal, state, local and foreign income taxes and tax distributions;
 - (ii) Consolidated Net Interest Expense;
 - (iii) depreciation, depletion, amortization of intangibles and other non-cash charges or non-cash losses (including non-cash compensation expense, non-cash transaction expenses and the amortization of debt discounts) and any extraordinary losses not incurred in the ordinary course of business;
 - (iv) expenses incurred in connection with a special or intermediate survey of a Ship during such period; and
 - (v) any drydocking expenses; and
- (b) minus, to the extent added in computing the consolidated net income of the Facility Guarantor for that accounting period, (i) any non-cash gains and (ii) any extraordinary gains on asset sales not incurred in the ordinary course of business.

Consolidated Funded Debt means, for any accounting period, the sum of the following for the Facility Guarantor determined (without duplication) on a consolidated basis for such period and in accordance with GAAP consistently applied:

- (a) all Financial Indebtedness; and
- (b) all obligations to pay a specific purchase price for goods or services (other than vessel newbuildings) whether or not delivered or accepted (including take-or-pay and similar obligations) which in accordance with GAAP would be shown on the liability side of a balance sheet;

provided that balance sheet accruals for future drydock expenses shall not be classified as Consolidated Funded Debt.

Consolidated Liquidity means, on a consolidated basis, the sum of (a) cash and (b) Cash Equivalents, in each case held by the Facility Guarantor on a freely available and unencumbered basis.

Consolidated Net Debt means Consolidated Funded Debt less Consolidated Liquidity.

Consolidated Net Interest Expense means the aggregate of all interest on Financial Indebtedness that is due from the Facility Guarantor and all of its subsidiaries during the relevant accounting period less (i) interest income received and (ii) amortization of deferred charges and arrangement fees, determined on a consolidated basis in accordance with GAAP and as shown in the consolidated statements of income for the Facility Guarantor.

Consolidated Tangible Net Worth means, on a consolidated basis, the total shareholders' equity (including retained earnings) of the Facility Guarantor, minus goodwill and other non-tangible items.

Consolidated Total Capitalization means Consolidated Tangible Net Worth plus Consolidated Funded Debt.

Current Assets shall be determined in accordance with GAAP and as stated in the then most recent Accounting Information, but shall also include long-term restricted cash.

Current Liabilities shall be determined in accordance with GAAP and as stated in the then most recent Accounting Information, but shall exclude balloon payments due at maturity under this and other credit facilities to which the Facility Guarantor is a party.

19.2 Financial condition

The Facility Guarantor shall ensure that:

- (a) **Minimum Liquidity:** At all times it maintains Consolidated Liquidity at least equal to the Liquidity Reserve Required Balance, with such amounts to be held in an Earnings Account pursuant to Clause 25.1 (*Earnings Accounts*);
- (b) **Maximum Leverage:** At all times it maintains a ratio of Consolidated Net Debt to Consolidated Total Capitalization of not more than 0.60 to 1.00;
- (c) **Minimum Interest Coverage:** It maintains a ratio of Consolidated EBITDA to Consolidated Net Interest Expense of (i) greater than or equal to: 1.00 for the 12-month period starting in the calendar quarter following the one in which Delivery of the first Ship occurs, (ii) 1.50 in the subsequent year, (iii) 2.00 in the third year following the initial period, and (iv) 2.50 thereafter;
- (d) **Minimum Stockholder's Equity:** At all times it maintains, on a consolidated basis, minimum stockholder's equity equal to the aggregate of (i) \$400,000,000, (ii) 50% of any new equity raised after Closing Date and (iii) 25% of the positive net income for the immediately preceding financial year; and
- (e) **Current Assets divided by Current Liabilities:** At all times it maintains, on a consolidated basis, a ratio of Current Assets to Current Liabilities which is greater than 1.00.

19.3 Financial testing

The financial covenants set out in Clause 19.2 (*Financial condition*) shall be calculated in accordance with GAAP and tested on a quarterly basis by reference to each of the Financial Statements and for each Compliance Certificate delivered pursuant to Clause 18.2 (*Provision and contents of Compliance Certificate*). The Facility Guarantor undertakes to promptly provide such information as the Administrative Agent may require pursuant to this Clause 19.

20 General undertakings

Each Obligor undertakes that this Clause 20 will be complied with throughout the Facility Period.

20.1 Use of proceeds

- (a) The proceeds of Utilizations will be used exclusively for the purposes specified in Clause 3 (*Purpose*).
- (b) The Obligors shall not knowingly, and, after inquiry, permit or authorize any other person to, directly or indirectly, make available any proceeds of the Facility to fund or facilitate trade, business or other activities (i) involving or for the benefit of any Restricted Person or (ii) in any other manner that could result in any Obligor or a Finance Party being in breach of any Sanctions or becoming a Restricted Person.

20.2 Authorizations

Each Obligor will promptly obtain, comply with and do all that is necessary to maintain in full force and effect, and supply certified copies to the Administrative Agent of any authorization required under any law or regulation of a Relevant Jurisdiction to:

- (a) enable it to perform its obligations under the Transaction Documents;
- (b) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
- (c) own its property and other assets and to carry on its business where failure to have such authorization has, or might result in, a Material Adverse Change.

20.3 Compliance with laws

- (a) Each Obligor and each Subsidiary of the Obligors will comply in all respects with all laws, regulations, including but not limited to Environmental Laws, and Sanctions to which they may be subject, and Anti-Bribery and Corruption Laws.
- (b) Each Obligor and each Subsidiary of the Obligors shall:
 - (i) conduct its businesses in compliance with Anti-Bribery and Corruption Laws; maintain policies and procedures designed to promote and achieve compliance with all applicable laws and regulations, including but not limited to Environmental Laws and Anti-Bribery and Corruption Laws in force from time to time; and
 - (ii) use reasonable commercial efforts to ensure that any third party acting on its behalf shall act in compliance with all applicable laws and regulations, including but not limited to Environmental Laws, and Sanctions to which they may be subject, and Anti-Bribery and Corruption Laws.

20.4 Tax compliance

- (a) Each Obligor and each Subsidiary of the Obligors shall pay and discharge all Taxes imposed upon it or its assets within such time period as may be allowed by law without incurring penalties unless and only to the extent that:
 - (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Administrative Agent under Clause 18.1 (*Financial statements*);
 - (iii) such payment can be lawfully withheld; and
 - (iv) the failure to make such payment will not result in a Security Interest on the Collateral.
- (b) Except as approved by the Required Lenders, each Obligor and each Subsidiary of the Obligors shall maintain its residence for Tax purposes in the jurisdiction in which it is incorporated and ensure that it is not resident for Tax purposes in any other jurisdiction.

20.5 Change of business

- (a) Except as approved by the Required Lenders (such approval not to be unreasonably withheld or delayed), no change will be made to the legal names of the Obligors.

- (b) Except as approved by the Required Lenders, no substantial change will be made to the general nature of the business of the Obligors from that carried on at the date of this Agreement and, in particular, the Borrower shall not undertake or engage in any business other than the ownership, management and operation of the Ships and other vessels (including the Fleet Vessels).
- (c) The Facility Guarantor shall remain listed on the New York Stock Exchange or another stock exchange of internationally recognized standing.

20.6 Merger

Except as approved by the Required Lenders, no Obligor will enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

20.7 Further assurance

- (a) Each Obligor shall, at the expense of the Obligors, promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Administrative Agent may reasonably specify (and in such form as the Administrative Agent may reasonably require);
 - (i) to perfect the Security Interests created or intended to be created by that Obligor under or evidenced by the Security 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 Security Documents) or for the exercise of any rights, powers and remedies of the Security Agent provided by or pursuant to the Finance Documents or by law;
 - (ii) to confer on the Security Agent Security Interests over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents;
 - (iii) to facilitate the realization of the assets which are, or are intended to be, the subject of the Security Documents; and/or
 - (iv) to facilitate the accession by a Substitute to any Security Document following an assignment in accordance with Clause 30.1 (*Assignments by the Lenders*).
- (b) Each Obligor shall, at the expense of the Obligors, 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 Interest conferred or intended to be conferred on the Security Agent by or pursuant to the Finance Documents.

Provided that if any such expenses are required to be incurred by the Administrative Agent or the Security Agent in order to implement the actions referred to in paragraphs (a) and (b) above, they will be reasonably incurred and sufficiently documented when seeking reimbursement from the Obligors.

20.8 Negative pledge in respect of Collateral

No Obligor will grant or allow to exist any Security Interest over any Collateral except for Permitted Security Interests.

20.9 Environmental matters

- (a) The Administrative Agent will be notified as soon as reasonably practicable of any Environmental Claim being made against any Obligor, any Subsidiary of the Obligors or any Ship and of any Environmental Incident which may give rise to such a claim and will be kept regularly and promptly informed in reasonable detail of the nature of, and response to, any such Environmental Incident and the defense to any such claim.
- (b) Environmental Laws (and any consents, licenses or approvals obtained under them) applicable to the Ships will not be violated in any material respect.

20.10 Pari passu ranking

Each Obligor shall ensure that its payment obligations under the Finance Documents shall at all times during the Facility Period rank at least *pari passu* with all their other present and future unsecured and unsubordinated obligations, except for obligations mandatorily preferred by law applying to companies generally.

20.11 Money Laundering

Each Obligor undertakes throughout the Facility Period to:

- (a) provide the Lenders with information, certificates and any documents required by the Lenders to ensure compliance by it with any law, official requirement or other regulatory measure or procedure implemented to combat Money Laundering and corruption; and
- (b) notify the Lenders as soon as it becomes aware of any matters evidencing that a breach by it of any law, official requirement or other regulatory measure or procedure implemented to combat Money Laundering and corruption may or is about to occur or that the person(s) who have or will receive the commercial benefit of the Agreement have changed from the date hereof.

20.12 Excluded Hedging Liabilities

- (a) Notwithstanding any other provisions of this Agreement or any other Finance Document to the contrary, Hedging Liabilities guaranteed by any Guarantor, or secured by the grant of any security by such Guarantor, shall exclude all Excluded Hedging Liabilities of such Guarantor.
- (b) Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Obligor to honor all of its obligations under this Agreement in respect of Hedging Liabilities (provided, however, that each Qualified ECP Guarantor shall only be liable under this paragraph (b) of Clause 20.12 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Agreement voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this paragraph (b) of Clause 20.12 shall remain in full force and effect until this Agreement is terminated, all amounts which may be or become payable by each Obligor under or in connection with the Finance Documents have been irrevocably and unconditionally paid or discharged in full and the Facilities have been cancelled. Each Qualified ECP Guarantor intends that this paragraph (b) of Clause 20.12 constitutes and this paragraph (b) of Clause 20.12 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Obligor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

20.13 Sanctions generally

- (a) Each Obligor undertakes that it and each director, officer, agent or employee is not a Restricted Person and does not act directly or indirectly on behalf of a Restricted Person.
- (b) No Obligor shall use any revenue or benefit derived from any activity or dealing with a Restricted Person in discharging any obligation due or owing to the Finance Parties.
- (c) Each Obligor shall procure that no proceeds from any activity or dealing with a Restricted Person are credited to any bank account held with any Finance Party in its name.
- (d) Each Obligor shall, to the extent permitted by law, promptly upon becoming aware of them supply to the Agent details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.

20.14 Sanctions with respect to each Mortgaged Ship

No Obligor nor any Affiliate will, directly or indirectly, make any proceeds of the Loan available to, or for the benefit of, a Restricted Person or permit or authorize any such proceeds to be applied in a manner or for a purpose prohibited by Sanctions. In particular, and without limitation to the foregoing, the Obligor will:

- (a) prevent any Ship from being used, directly or indirectly:
 - (i) by, or for the benefit of, any Restricted Person; and/or
 - (ii) in any trade which could expose any Lender, any Ship, any manager of the Ship, the ship's crew or the Ship's insurers to enforcement proceedings or any other consequences whatsoever arising from Sanctions;
- (b) prevent any Ship from trading to a country or territory subject to country-wide Sanctions or carrying prohibited products that originate in a country or territory subject to country-wide Sanctions (including at the date of this Agreement, Cuba, Burma/Myanmar, Iran, North Korea, Sudan, Syria, and the Crimea region of Ukraine);
- (c) prevent any Ship from trading with any other Restricted Person; and
- (d) prevent any Ship from carrying any U.S. or E.U.-origin defense related articles to any country subject to a U.S., E.U. or U.N. arms embargo.

21 Dealings with Ship

Each Obligor undertakes that this Clause 21 will be complied with in relation to each Mortgaged Ship throughout the relevant Mortgaged Ship's Mortgage Period.

21.1 Ship's name and registration

- (a) Other than on the Delivery Date as contemplated by this Agreement, each Ship's name shall only be changed after 30 days' prior written notice to the Administrative Agent.
- (b) Each Ship shall be permanently registered with the relevant Registry under the laws of its Flag State. Except with the prior written approval of the Administrative Agent (acting on behalf of the Required Lenders), the Ship shall not be registered under any other flag or at any other port or fly any other flag (other than that of its Flag State). If that registration is for a limited period, it shall be renewed at least 45 days before the date it is due to expire and the Administrative Agent shall be notified of that renewal at least 30 days before that date.

- (c) Nothing will be done and no action will be omitted if that might result in such registration being forfeited or imperiled or a Ship being required to be registered under the laws of another state of registry.

21.2 Performance of Shipbuilding Contracts

Each of the Upstream Guarantors shall duly and punctually observe and perform all the conditions and obligations imposed on it by the relevant Shipbuilding Contract.

21.3 Notification of certain events

The Borrower shall notify the Administrative Agent immediately if any party cancels, rescinds, repudiates or otherwise terminates any Shipbuilding Contract (or purports to do so) or rejects the Ship (or purports to do so) or if the Ship becomes a Total Loss or partial loss or is materially damaged or if a material dispute arises under any Shipbuilding Contract.

21.4 Sale or other disposal of a Ship

Except for a cash price payable on completion of the sale which is no less than the amount required to be prepaid under Clause 7.6 (*Sale or Total Loss*), the relevant Obligor shall not sell, or agree to, transfer, abandon or otherwise dispose of a Ship or any share or interest in it without the consent of the Required Lenders.

21.5 Manager

A manager of a Ship shall not be appointed unless it is an Approved Manager and it has delivered a duly executed Manager's Undertaking and Subordination to the Security Agent. The Borrower shall not agree to any change to the material terms of appointment of a manager which has been approved unless such change is approved by the Required Lenders. The technical management of each Ship shall be carried out by an Approved Technical Manager and the commercial management of each Ship shall be carried out by an Approved Commercial Manager.

21.6 Copy of Mortgage on board

A properly certified copy of the relevant Mortgage shall be kept on board each Ship with its papers and shown to anyone having business with such Ship which might create or imply any commitment or Security Interest over or in respect of such Ship (other than a lien for crew's wages and salvage) and to any representative of the Finance Parties.

21.7 Notice of Mortgage

- (a) A framed or laminated printed notice of each Ship's Mortgage shall be prominently displayed in the navigation room and in the Master's cabin of such Ship. The notice must be in plain type and read as follows:

"NOTICE OF MORTGAGE

THIS VESSEL IS SUBJECT TO A FIRST PRIORITY STATUTORY MORTGAGE AND DEED OF COVENANTS COLLATERAL THERETO IN FAVOR OF ABN AMRO CAPITAL USA LLC (AS SECURITY TRUSTEE AND AGENT ON BEHALF OF ITSELF AND CERTAIN OTHER PARTIES). UNDER THE TERMS OF SAID MORTGAGE AND DEED OF COVENANTS, NEITHER THE OWNER, ANY CHARTERER, THE MASTER OF THIS VESSEL NOR ANY OTHER PERSON HAS ANY RIGHT, POWER OR AUTHORITY TO CREATE, INCUR OR PERMIT TO BE PLACED OR IMPOSED UPON THIS VESSEL ANY ENCUMBRANCES OR

ANY OTHER LIEN WHATSOEVER EXCEPT LIENS FOR CREW'S WAGES AND SALVAGE.

- (b) No-one will have any right, power or authority to create, incur or permit to be imposed upon a Ship any lien whatsoever other than for Permitted Maritime Liens.

21.8 Conveyance on default

Where a Ship is (or is to be) sold in exercise of any power conferred by the Security Documents, the relevant Upstream Guarantor shall, upon the Security Trustee's request, immediately execute such form of transfer of title to such Ship as the Security Agent may require.

21.9 Chartering

- (a) Except with consent of the Required Lenders, such consent not to be unreasonably withheld or delayed, none of the Upstream Guarantors shall enter into a charter commitment for a Ship which is a bareboat or demise charter or any other contract which passes possession and control of any Ship to another person. In the case of bareboat charter arrangements with respect to 10 Ships or more in aggregate, consent of all Lenders, such consent not to be unreasonably withheld or delayed, shall be required.
- (b) Each Upstream Guarantor shall promptly upon entering into the same, provide the Finance Parties with copies of any Long Term Charter and shall execute and deliver in favor of the Security Agent a Charter Assignment (and all documents and instruments required thereunder).

21.10 Lay up

Except with approval of the Required Lenders, no Ship shall be laid up or deactivated.

21.11 Pooling of Earnings

Except with approval of the Required Lenders, none of the Upstream Guarantors shall enter into any arrangement under which its Earnings from the relevant Ship may be pooled in connection with a pooling arrangement (or equivalent) (other than the Approved Pooling Arrangement) with anyone else other than the Upstream Guarantors.

21.12 Payment of Earnings

Each Upstream Guarantor's Earnings from the relevant Ship shall be paid in the way required by the relevant General Assignment. If any Earnings are held by brokers or other agents, they shall be paid to the Security Agent if the Security Agent requires this after the Earnings have become payable to it under the General Assignment.

22 Condition and operation of Ship

Each Obligor undertakes that this Clause 22 will be complied with in relation to each Mortgaged Ship throughout the relevant Ship's Mortgage Period.

22.1 Repair

Each Ship shall be kept in a good, safe and efficient state of repair consistent with first class ownership and management practice. The quality of workmanship and materials used to repair each Ship or replace any damaged, worn or lost parts or equipment in the reasonable estimation of the Approved Technical Manager shall be sufficient to ensure that such Ship's value is not reduced.

22.2 **Modification**

Except with approval of all the Lenders, the structure, type or performance characteristics of each Ship shall not be modified in a way which could reasonably be expected to materially alter such Ship in a manner which negatively affects its operations and the value of such Ship or which would result in a Material Adverse Change.

22.3 **Removal of parts**

Except with approval of the Required Lenders, no part of a Ship or any equipment shall be removed from a Ship if to do so would result in a Material Adverse Change (unless at the same time it is replaced with equivalent parts or equipment owned by the relevant Upstream Guarantor free of any Security Interest except under the Security Documents), provided, however, equipment fitted to a Ship by such Ship's Acceptable Charterer which is not owned by the relevant Upstream Guarantor may be removed.

22.4 **Third party owned equipment**

Except with approval of the Required Lenders, equipment owned by a third party shall not be installed on a Ship if it cannot be removed without risk of causing damage to the structure or fabric of such Ship or incurring significant expense.

22.5 **Maintenance of class; compliance with laws and codes**

- (a) Each Ship's class shall be the relevant Classification with the relevant Classification Society and such Classification shall, except as approved by the Required Lenders, be maintained free of all conditions of class (or equivalent) of the relevant Classification Society.
- (b) The relevant Upstream Guarantor shall duly execute and deliver to the relevant Classification Society of the relevant Ship from time to time, a Classification Letter in respect of such Ship and shall use commercially reasonable efforts to procure that the Classification Society shall, upon receipt of the Classification Letter, promptly execute and deliver to the Administrative Agent the undertaking appended to the Classification Letter.
- (c) Each Ship and every person who owns, operates, manages or charters a Ship shall comply with all laws applicable to vessels registered in its Flag State or which for any other reason apply to such Ship or its condition or operation (including with respect to Sanctions and possession of trading certificates for such Ship which remain in force).
- (d) The relevant Upstream Guarantor shall grant electronic access to each Ship's class records directly by the Classification Society or indirectly via the account manager of such Upstream Guarantor and shall designate the Administrative Agent as a user or administrator of the system under its account.

22.6 **Surveys**

The Ship shall be submitted to continuous surveys and any other surveys which are required for it to maintain the Classification as its class. Copies of reports of those surveys shall be provided promptly to the Security Agent (with copy to the Administrative Agent), if they so request.

22.7 Inspection and notice of drydockings

The Security Agent and/or surveyors or other persons appointed by it for such purpose shall be allowed to board the Ship at all reasonable times in order to inspect it and given all proper facilities needed for that purpose; it being agreed that (i) such inspection shall be limited to one per year per Ship at the expense of the Borrower (and, provided that no Default has occurred or is continuing, so as not to interfere with the operation of the Ship), and (ii) fifteen (15) Business Days advance notice is given to the relevant Upstream Guarantor. The Security Agent shall be given reasonable advance notice of any intended dry-docking of the Ship (whatever the purpose of that dry-docking).

22.8 Prevention of arrest

All debts, damages, liabilities and outgoings which have given, or may give, rise to maritime, statutory or possessory liens (other than Permitted Maritime Liens) on, or claims enforceable against a Ship, its Earnings or Insurances shall be promptly paid and discharged.

22.9 Release from arrest

Each Ship, its Earnings and Insurances shall promptly be released from any arrest, detention, attachment or levy, and any legal process against such Ship shall be promptly discharged, by whatever action is required to achieve that release or discharge.

22.10 Information about Ship

The Security Agent (with copy to the Administrative Agent) shall promptly be given any information which it may reasonably require about the Ship or its employment, position, use or operation, including details of towages and salvages, and copies of all its charter commitments entered into by or on behalf of any Facility Guarantor and copies of any applicable operating certificates.

22.11 Notification of certain events

The Security Agent (with copy to the Administrative Agent) shall promptly be notified of:

- (a) any damage to a Ship where the cost of the resulting repairs may exceed the Major Casualty Amount or which results in, or may have resulted in, a Material Adverse Change;
- (b) any occurrence which may result in a Ship becoming a Total Loss;
- (c) any requisition of a Ship for hire;
- (d) any Environmental Incident involving a Ship and Environmental Claim being made in relation to such an incident;
- (e) any withdrawal or threat to withdraw any applicable Ship operating certificate;
- (f) any material requirement or recommendation made in relation to a Ship by any insurer or the Classification Society or by any competent authority which is not, or cannot be, complied with in the manner or time required or recommended;
- (g) any arrest or detention of a Ship (in such case, the Administrative Agent (for further notification to the Lenders) shall be provided with a report surrounding the incident giving rise to the arrest or detention not later than 7 days after such incident) or any exercise or purported exercise of a lien or other claim on such Ship or its Earnings or Insurances;
- (h) any material claim, disposal of insurance claim in relation to a Ship; or

- (i) any Material Event.

In this Clause 22.11, **Material Event** means an event, which (after taking into account all relevant facts and circumstances) is reasonably likely to create a claim or liability which exceeds or is reasonably likely to exceed an amount equal to or greater than 10% of a Ship's market value (as determined on the last valuation date in accordance with Clause 24 (*Minimum security value*)).

22.12 Payment of outgoings

All tolls, dues and other outgoings whatsoever in respect of a Ship and its Earnings and Insurances shall be paid promptly. Proper accounting records shall be kept of each Ship and its Earnings.

22.13 Evidence of payments

The Security Agent shall, upon request, have the right to examine the books and records of each Obligor wherever the same may be kept from time to time as it reasonably sees necessary, or to cause an examination to be made by a firm of accountants selected by it (provided that any examination shall be done without undue interference with the day-to-day business operations of such Obligor and it shall not be done more than once per year (unless an Event of Default has occurred and is continuing)), and, when it requires it, shall be given satisfactory evidence that:

- (a) the wages and allotments of a Ship's crew are being promptly and regularly paid;
- (b) all deductions from its crew's wages in respect of any applicable Tax liability are being properly accounted for; and
- (c) a Ship's master has no claim for disbursements other than those incurred by him in the ordinary course of trading on the voyage then in progress.

22.14 Codes

Each Ship and the persons responsible for its operation shall at all times comply with the requirements of any applicable code or prescribed procedures required to be observed by such Ship or in relation to its operation under any applicable law or regulation (including but not limited to those currently known as the ISM Code and the ISPS Code). The Security Agent (with copy to the Administrative Agent) shall promptly be informed of:

- (a) any actual withdrawal of any certificate issued in accordance with any such code which is or may be applicable to a Ship or its operation; and
- (b) the receipt of notification that any application for such a certificate has been refused.

22.15 Repairers' liens

Except with approval of the Required Lenders, a Ship shall not be put into any other person's possession for work to be done on such Ship if the cost of that work will exceed or is likely to exceed the Major Casualty Amount unless the Obligors have sufficient funds to meet the cost of such work or the Obligors can evidence to the Administrative Agent that the cost of such work will be met by the insurers of such Ship.

22.16 Survey report

- (a) With respect to any Ships which are not newbuildings (for the avoidance of doubt, Ship 1 and Ship 2 shall be deemed to be newbuildings for purposes of this clause), the Security Agent (with a copy to the Administrative Agent) shall be given an initial survey report acceptable to

all the Lenders from approved third-party surveyors or inspectors acceptable to the Security Agent, which survey must be conducted not more than 30 days prior to the delivery of the report, and which report must be provided not less than 5 Business Days prior to the date of the Utilization Request for each Advance evidencing that the relevant Ship is seaworthy and capable of operation.

- (b) As soon as reasonably practical after the Security Agent requests it, the Security Agent (with a copy to the Administrative Agent) shall be given a report, in form and substance reasonably satisfactory to the Required Lenders, on the seaworthiness and/or safe operation of a Ship, from approved third-party surveyors or inspectors reasonably acceptable to the Security Agent. If any recommendations are made in such a report they shall be complied with in the way and by the time recommended in the report.

22.17 Lawful use

Each Ship shall not be employed:

- (a) in any way or in any activity which is unlawful under international law or the domestic laws of any relevant country;
- (b) in carrying illicit or prohibited goods,
- (c) in a way which may make it liable to be condemned by a prize court or destroyed, seized or confiscated; or
- (d) in carrying contraband goods,

and the persons responsible for the operation of the Ship shall take all necessary and proper precautions to ensure that this does not happen, including participation in industry or other voluntary schemes available to the Ship and in which leading operators of ships operating under the same flag or engaged in similar trades generally participate at the relevant time.

22.18 War zones

Except with approval of the Ship's war risk insurers, each Ship shall not enter or remain in any zone which has been declared a war zone by such Ship's war risk insurers. If approval is granted for it to do so, any requirements of such Ship's insurers necessary to ensure that such Ship remains properly insured in accordance with the Finance Documents (including any requirement for the payment of extra insurance premiums) shall be complied with.

22.19 Nuclear material

No Ship shall carry any nuclear waste or nuclear material.

22.20 Civil merchant trading

Each Ship shall only be used as a civil merchant trading ship.

23 Insurance

Each Obligor undertakes that this Clause 23 shall be complied with in relation to each Mortgaged Ship and its Insurances throughout the relevant Ship's Mortgage Period.

23.1 Insurance terms

In this Clause 23:

excess risks means the proportion (if any) of claims for general average, salvage and salvage charges not recoverable under the hull and machinery insurances of a vessel in consequence of the value at which the vessel is assessed for the purpose of such claims exceeding its insured value.

excess war risk P&I cover means cover for claims only in excess of amounts recoverable under the insurance required against War and Allied Risks including (but not limited to) hull and machinery, crew, acts of terrorism, piracy and protection and indemnity risks, and risks set forth in the amended version of AHIS Addendum (April 1, 1984).

hull cover means insurance cover against the risks identified in Clause 23.2(a) (*Coverage required*).

minimum hull cover means in relation to a Mortgaged Ship, an amount equal at the relevant time to the higher of (a) 120% of the Advance relative to such Mortgaged Ship at such time and (b) the Fair Market Value of such Mortgaged Ship.

P&I risks means the usual risks (including liability for oil pollution, excess war risk P&I cover) covered by a protection and indemnity association which is a member of the International Group of protection and indemnity associations (or, if the International Group ceases to exist, any other leading protection and indemnity association or other leading provider of protection and indemnity insurance) (including, without limitation, the proportion (if any) of any collision liability not covered under the terms of the hull cover).

23.2 Coverage required

Each Ship shall at all times be insured:

- (a) against fire and usual marine risks (including excess risks) and for War and Allied Risks (including blocking and trapping (on the terms of the London Blocking and Trapping addendum LPO 444 3/84 or similar arrangement), war protection and indemnity risks, piracy risks and terrorism risks) in each case on an agreed value basis, for at least its minimum hull cover and no less than its market value;
- (b) against P&I risks, complying with all rules for the time being applied by the relevant protection and indemnity association, for the highest amount then available in the insurance market for vessels of similar age, size and type as such Ship (but, in relation to liability for oil pollution, for an amount equal to the highest amount available which is currently \$1,000,000,000) and a freight, demurrage and defense cover;
- (c) against such other risks and matters which are consistent with market practice also taking account of the creditworthiness of the Facility Guarantor;
- (d) on terms which comply with the other provisions of this Clause 23.

23.3 Placing of cover

The insurance coverage required by Clause 23.2 (*Coverage required*) shall be:

- (a) in the name of the relevant Upstream Guarantor and (in the case of the Ship's hull cover) no other person (unless such other person is approved and, if so required by the Administrative Agent or the Security Agent, has duly executed and delivered a first priority assignment of its interest in the Ship's Insurances to the Security Agent in an approved form and provided such

supporting documents and opinions in relation to that assignment as the Administrative Agent or the Security Agent reasonably require);

- (b) in dollars or another currency approved by the Administrative Agent (with the instructions of the Required Lenders);
- (c) arranged through approved brokers or direct with approved insurers or protection and indemnity or war risks associations; and
- (d) on such terms and with such brokers/insurers/clubs as the Administrative Agent (with the instructions of the Required Lenders) from time to time may approve, such approval not to be unreasonably withheld or delayed.

23.4 Deductibles

The aggregate amount of any excess or deductible under the Ship's hull cover shall not exceed the customary deductible or amount of any excess for vessels similar to the Ships.

23.5 Mortgagee's insurance

The Obligors shall promptly reimburse to the Security Agent on first demand the cost (as conclusively certified by the Administrative Agent (as instructed by the Required Lenders)) of taking out and keeping in force in respect of the Ship and the other Mortgaged Ships on approved terms, or in considering or making claims under:

- (a) a mortgagee's interest insurance and a mortgagee's interest additional perils (pollution risks) insurance for the benefit of the Finance Parties for an aggregate amount up to 120% of the Loan; and
- (b) any other insurance cover which the Security Agent reasonably requires in respect of any Finance Party's interests and potential liabilities (whether as mortgagee of the Ship or beneficiary of the Security Documents), including but not limited to the insurance coverage required by Clause 23.2 (*Coverage required*).

23.6 Fleet liens, set off and cancellations

If the Ship's hull cover also insures other vessels, the Security Agent shall either be given an undertaking in approved terms by the brokers or (if such cover is not placed through brokers or the brokers do not, under any applicable laws or insurance terms, have such rights of set off and cancellation) the relevant insurers that the brokers or (if relevant) the insurers will not:

- (a) set off against any claims in respect of the Ship any premiums due in respect of any of such other vessels insured (other than other Mortgaged Ships); or
- (b) cancel that cover because of non-payment of premiums in respect of such other vessels,

or the Obligors shall ensure that hull cover for the Ship and the other Mortgaged Ships is provided under a separate policy from any other vessels.

23.7 Payment of premiums

All premiums, calls, contributions or other sums payable in respect of the Ship's Insurances shall be paid punctually and the Security Agent shall be provided with all relevant receipts or other evidence of payment upon request.

23.8 Details of Insurances

- (a) At least fifteen (15) days before the Delivery Date of any Ship, the Security Agent (with copy to the Administrative Agent) shall be told of the names of the brokers, insurers and associations proposed to be used for the placement of the Insurances and the amounts, risks and terms in, against and on which the Insurances are proposed to be effected.
- (b) At least fourteen (14) days before any of the Insurances are due to expire, the Security Agent (with copy to the Administrative Agent) shall be told of the names of the brokers, insurers and associations proposed to be used for the renewal of such Insurances (if such brokers, insurers and associations shall be different to those previously notified to the Security Agent (with copy to the Administrative Agent)) and the amounts, risks and terms in, against and on which the Insurances are proposed to be renewed.

23.9 Instructions for renewal

At least seven (7) days before any of the Insurances are due to expire, instructions shall be given by the Borrower to brokers, insurers and associations for them to be renewed or replaced on or before their expiry.

23.10 Confirmation of renewal

The Insurances shall be renewed upon their expiry in a manner and on terms which comply with this Clause 23 and confirmation of such renewal shall be given by approved brokers or insurers to the Security Agent (with copy to the Administrative Agent) at least seven (7) days (or such shorter period as may be approved) before such expiry.

23.11 P&I Guarantees

Any guarantee or undertaking required by any protection and indemnity or war risks association in relation to the Ship shall be provided when required by the association.

23.12 Insurance documents

The Security Agent (with copy to the Administrative Agent) shall be provided with pro forma copies of all insurance policies and other documentation issued by brokers, insurers and associations in connection with the Insurances as soon as they are available after they have been placed or renewed and all insurance policies and other documents relating to the Insurances shall be deposited with any approved brokers or (if not deposited with approved brokers) the Security Agent or some other approved person.

23.13 Letters of undertaking

Unless otherwise approved where the Security Agent is satisfied that equivalent protection is afforded by the terms of the relevant Insurances and/or any applicable law and/or a letter of undertaking provided by another person, on each placing or renewal of the Insurances, the Security Agent (with copy to the Administrative Agent) shall be provided promptly and, in any event, within 60 days after the relevant Utilization, with letters of undertaking in an approved form (having regard

to general insurance market practice and law at the time of issue of such letter of undertaking) from the relevant brokers, insurers and associations.

23.14 Insurance Notices and Loss Payable Clauses

The interest of the Security Agent as assignee of the Insurances shall be endorsed on all insurance policies and other documents by the incorporation of a Loss Payable Clause that refers to the Major Casualty Amount and an Insurance Notice in respect of the Ship and its Insurances signed by the relevant Upstream Guarantor and, unless otherwise approved, each other person assured under the relevant cover (other than the Security Agent if it is itself an assured).

23.15 Insurance correspondence

If so required by the Security Agent, the Security Agent (with copy to the Administrative Agent) shall promptly be provided with copies of all written communications between the assureds and brokers, insurers and associations relating to any of the Insurances as soon as they are available.

23.16 Qualifications and exclusions

All requirements applicable to the Ship's Insurances shall be complied with and the Ship's Insurances shall only be subject to approved exclusions or qualifications.

23.17 Independent report

The Obligors shall reimburse the Security Agent on demand for all reasonable costs and expenses incurred by the Security Agent in obtaining (a) on an annual basis for each Ship a report on the adequacy of the obligatory Insurances from an insurance adviser instructed by the Security Agent; and (b) on the occurrence of an Event or Default or an incident causing severe damage to a Ship in excess of the Major Casualty Amount at any time requested in writing, a report on the adequacy of the obligatory Insurances from an insurance adviser instructed by the Security Agent.

23.18 Collection of claims

All documents and other information and all assistance required by the Security Agent to assist it in trying to collect or recover any claims under the Insurances shall be provided promptly.

23.19 Employment of Ship

The Ship shall only be employed or operated in conformity with the terms of the Insurances (including any express or implied warranties) and not in any other way (unless the insurers have consented and any additional requirements of the insurers have been satisfied).

23.20 Declarations and returns

If any of the Ship's Insurances are on terms that require a declaration, certificate or other document to be made or filed before the Ship sails to, or operates within, an area, those terms shall be complied with within the time and in the manner required by those Insurances.

23.21 Application of recoveries

All sums paid under the Ship's Insurances to anyone other than the Security Agent shall be applied in repairing the damage and/or in discharging the liability in respect of which they have been paid except to the extent that the repairs have already been paid for and/or the liability already discharged.

23.22 Settlement of claims

No Obligor shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and each Obligor shall do all things necessary and provide all documents, evidence and information (including, without limitation, a written confirmation from the relevant insurers, to be issued within 180 days after the Total Loss Date, that the claim in respect of the Total Loss has been accepted in full by such insurers) to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

23.23 Change in insurance requirements

If the Administrative Agent gives a notice to the Obligors to change the terms and requirements of this Clause 23 (which the Administrative Agent may only do, in such manner as it considers necessary, as a result in change of circumstances or practice after the date of this Agreement), this Clause 23 shall be modified in the manner so notified by the Administrative Agent and/or the Security Agent on the date 14 days after such notice from the Administrative Agent and/or the Security Agent is received by the Obligors and not contested in good faith.

23.24 Failure to insure

If any Obligor fails to maintain the Insurances in compliance with this Agreement, the Administrative Agent, the Security Agent or any other Finance Party, may, but are not obliged to (without prior prejudice to any other rights of the Finance Parties under this Agreement) effect and maintain Insurances satisfactory to it or otherwise remedy such Obligor's failure in such manner as such person reasonably considers appropriate. Any sums so expended by it will immediately become due and payable by the Obligors to such Finance Party together with interest thereon at the default interest rate calculated in accordance with Clause 8.3(a) (*Default interest*) from the date of expenditure by it up to the date of reimbursement by the Obligors.

24 Minimum security value

The Borrower undertakes that this Clause 24 will be complied with throughout any Mortgage Period.

24.1 Valuation of assets

For the purpose of the Finance Documents, the aggregate value at any time of the Mortgaged Ships or any other asset over which additional security is provided under this Clause 24 will be the values as most recently determined in accordance with this Clause 24.

24.2 Valuation frequency

- (a) Initial valuations of each Ship (the "**Initial Valuations**") shall be conducted in accordance with this Clause 24 and shall be done not earlier than 30 days but not later than 5 days before each Utilization Date.
- (b) So long as no Default has occurred and is continuing, valuations of each Mortgaged Ship and each such other asset in accordance with this Clause 24 shall be conducted semi-annually, with the first such valuation, following the Initial Valuations, occurring every 6 months commencing on June 30, 2015, and shall be provided by the Borrower to the Administrative Agent within 1 month of June 30 and December 31 of each respective year.
- (c) Notwithstanding clauses (a) and (b) above, for Ships built in the same year and with similar specifications, only 1 valuation is required for all such Ships.

- (d) Following the occurrence of a Default which is continuing, the Administrative Agent may request valuations at any time.
- (e) The Administrative Agent may at any time request additional valuations from Approved Valuers for any Mortgaged Ship (based on objective grounds communicated to the Borrower before such request for valuation).
- (f) All valuations for the Ships must be addressed to the Administrative Agent.

24.3 Expenses of valuation

The Borrower shall bear, and reimburse to the Administrative Agent where incurred by the Administrative Agent (or the Lenders, as the case may be), all costs and expenses of providing the valuations provided pursuant to Clauses 24.2(a), 24.2(b), 24.2(c) or 24.2(d) (*Valuation frequency*). Any valuation conducted pursuant to Clause 24.2(e) (*Valuation frequency*) shall be for the requesting Finance Party's own account except where the Borrower is by means of such valuation(s) (for the avoidance of doubt, the value for such valuation shall be the average of the valuations provided by two Approved Valuers or as otherwise provided in Clause 24.10 (*Appointment and Number of valuers*)) shown to be in breach of Clause 24.11 (*Security shortfall*).

24.4 Valuations procedure

The value of each Mortgaged Ship shall be determined in accordance with, and by Approved Valuers appointed in accordance with, this Clause 24. Additional security provided under this Clause 24 shall be valued in such a way, on such a basis and by such persons (including the Administrative Agent itself) as may be approved or as may be agreed in writing by the Borrower and the Administrative Agent (on the instructions of the Required Lender).

24.5 Currency of valuation

Valuations must be provided by Approved Valuers in dollars.

24.6 Basis of valuation

Each valuation will be made:

- (a) without physical inspection (unless required by the Required Lenders if an Event of Default has occurred and is continuing);
- (b) on the basis of a sale for prompt delivery for a price payable in full in cash on delivery at arm's length on normal commercial terms between a willing buyer and a willing seller; and
- (c) without taking into account any charter commitment.

24.7 Information required for valuation

The Borrower shall promptly provide to the Administrative Agent or the Security Agent and any Approved Valuer any information which they reasonably require for the purposes of providing such a valuation, including, without limitation, if a physical inspection of the Ships is required for such purpose pursuant to Clause 24.6(a) (*Basis of valuation*), then the Borrower shall take all steps necessary to facilitate such inspection.

24.8 Approval of valuers

Other than the Approved Valuers, all additional valuers must have been approved by the Administrative Agent (acting on the instructions of the Required Lenders) such approval not to be unreasonably withheld. The Administrative Agent may from time to time notify the Borrower of approval of one or more additional independent ship valuers as Approved Valuers for the purposes of this Clause 24. The Administrative Agent (after having been so instructed by the Required Lenders) shall respond promptly to any request by the Borrower for approval of any additional valuer nominated by the Borrower. The Administrative Agent (acting reasonably and on the instructions of the Required Lenders) may at any time after consultation with the Borrower and by notice to the Security Agent, withdraw any previous approval of an Approved Valuer for the purposes of future valuations, provided that, if the Administrative Agent and the Borrower cannot agree after five (5) Business Days of consultation, the Administrative Agent may, acting reasonably, exercise such right of withdrawal by notice to the Borrower. If there are less than three Approved Valuers at a time when a valuation is required under this Clause 24, the Administrative Agent shall promptly notify the Borrower and the Security Agent of the name of one additional valuer to be approved by the Required Lenders.

24.9 Intentionally omitted

24.10 Appointment and Number of valuers

Each valuation must be carried out by two Approved Valuers, nominated by the Administrative Agent for each Initial Valuation and by the Borrower for semi-annual valuations. If the Borrower fails to promptly, but in any event, no later than 10 days prior to the relevant valuation date, nominate the Approved Valuers then the Administrative Agent (acting on the instruction of the Required Lenders) may nominate the Approved Valuers. If the valuation provided by the two Approved Valuers differs, the value of the relevant Ship for the purposes of the Finance Documents will be the average of those valuations; provided, however, that if the difference between such valuations is greater than 15% with respect to the lower valuation, the Parties agree to an additional valuation by a third Approved Valuer appointed by the Borrower and the value of the relevant Ship for the purposes of the Finance Documents shall be the average of all three valuations. In the event that an Approved Valuer provides a range for the valuations, the average of those valuations shall apply.

24.11 Security shortfall

If at any time the Security Value is less than the Minimum Value, the Administrative Agent may, and shall, if so directed by the Required Lenders, by notice to the Borrower require that such deficiency be remedied. The Borrower shall then within 14 days of receipt of such notice ensure that the Security Value equals or exceeds the Minimum Value. For this purpose, the Borrower or the Guarantors may:

- (a) provide additional security over other assets, acceptable to the Required Lenders, in accordance with this Clause 24, provided always that if such other asset shall be a vessel such vessel shall be valued as if it were a Mortgaged Ship; and/or
- (b) prepay part of the Loan under Clause 7.4(a)(ii) (*Voluntary prepayment*); and/or
- (c) pay such additional amount to the credit of such interest bearing blocked account (which is the subject of a Security Interest in favor of the Security Agent) as the Administrative Agent shall nominate.

Provided that if the Borrower or the Guarantors elect pursuant to this Clause 24.11(c) to rectify a shortfall in the minimum security cover through the pledge of a cash deposit in favor of the Security Agent, the amount of the deposit shall, for the purposes of calculating the security cover pursuant to this Clause 24, be applied in reducing the Loan by an equal amount.

If at any time the Minimum Value requirement is restored, and upon receiving notice and evidence thereto in a form reasonably satisfactory to the Administrative Agent, the Administrative Agent shall within five (5) days (acting on instructions of the Required Lenders, such instruction to be deemed granted unless the Administrative Agent shall have received prior notice to the contrary), direct that any additional security granted or any amount deposited in a blocked account pursuant to this Clause 24.11 be released.

24.12 Creation of additional security

The value of any additional security which the Borrower offers to provide to remedy all or part of a shortfall in the amount of the Security Value will only be taken into account for the purposes of determining the Security Value if and when:

- (a) that additional security, its value and the method of its valuation have been approved by the Required Lenders;
- (b) a Security Interest over that security has been constituted in favor of the Security Agent or (if appropriate) the Finance Parties in an approved form and manner;
- (c) this Agreement has been unconditionally amended in such manner as the Administrative Agent and/or the Security Agent (on the instructions of the Required Lenders) requires in consequence of that additional security being provided; and
- (d) the Administrative Agent, the Security Agent or its duly authorized representative, has received such documents and evidence as it may require in relation to that amendment and additional security including documents and evidence of the type referred to in Schedule 3 (*Conditions precedent*) in relation to that amendment and additional security and its execution and (if applicable) registration.

25 Bank accounts

The Obligors undertake that this Clause 25 will be complied with throughout the Facility Period.

25.1 Earnings Accounts

- (a) The Borrower shall, and any Upstream Guarantor may, be the holder of one or more Accounts with an Account Bank which shall each be designated as an Earnings Account for the purposes of the Finance Documents.
- (b) The Earnings of the Mortgaged Ships and all moneys payable to any Obligor with respect to a Mortgaged Ship under the Ship's Insurances shall be paid by the persons from whom they are due to an Earnings Account or, if applicable, to the Earnings Account for such Mortgaged Ship, unless required to be paid to the Security Agent under the relevant Finance Documents.
- (c) As a condition precedent to each Utilization, the Borrower shall ensure that the amount standing to the credit of an Earnings Account is (or will be upon such Utilization) at least equal to the Liquidity Reserve Required Balance immediately after such Utilization.
- (d) If there is no continuing Event of Default, and provided that there remains at all times in an Earnings Account an amount equal to the Liquidity Reserve Required Balance, the Borrower or relevant Upstream Guarantor (as the case may be) shall be entitled to make withdrawals from any Earnings Account.

- (e) If there is a continuing Event of Default, neither the Borrower nor any Upstream Guarantor shall be entitled to make withdrawals from any Earnings Account other than for the payment of any amounts required to be paid under the Management Agreements, and **provided that:**
 - (i) the Borrower or the relevant Upstream Guarantor (as the case may be) has notified the Administrative Agent of the amount(s) to be withdrawn and the Management Agreement(s) to which the withdrawal relates;
 - (ii) the Borrower or relevant Upstream Guarantor (as the case may be) has provided the Administrative Agent with the relevant commercial invoice, payment request, fee notice or other document from the relevant Approved Manager stipulating that the amount(s) to be withdrawn are due and payable; and
 - (iii) there remains at all times in an Earnings Account an amount equal to the Liquidity Reserve Required Balance.

25.2 Other provisions

- (a) An Account may only be designated for the purposes described in this Clause 25 if:
 - (i) such designation is made in writing by the Administrative Agent and/or the Security Agent and acknowledged by the Borrower or relevant Upstream Guarantor (as the case may be) and specifies the names and addresses of the Account Bank and the number and any designation or other reference attributed to the Account;
 - (ii) an Account Security has been duly executed and delivered by the Borrower or relevant Upstream Guarantor (as the case may be) in favor of the Security Agent;
 - (iii) any notice required by the Account Security to be given to an Account Bank has been given to, and acknowledged by, the Account Bank in the form required by the relevant Account Security; and
 - (iv) the Administrative Agent and/or the Security Agent, or its duly authorized representative, has received such documents and evidence as it may require in relation to the Account and the relevant Account Security including documents and evidence of the type referred to in Schedule 3 (*Conditions precedent*) in relation to the Account and the relevant Account Security.
- (b) The rates of payment of interest and other terms regulating any Account will be a matter of separate agreement between the Borrower or relevant Upstream Guarantor (as the case may be) and an Account Bank. If an Account is a fixed term deposit account, the Borrower or relevant Upstream Guarantor (as the case may be) may select the terms of deposits until the relevant Account Security has become enforceable and the Security Agent directs otherwise.
- (c) The Borrower or relevant Upstream Guarantor (as the case may be) shall not close any Account or alter the terms of any Account from those in force at the time it is designated for the purposes of this Clause 25 or waive any of their rights in relation to an Account except with approval of the Security Agent.
- (d) The Borrower or relevant Upstream Guarantor (as the case may be) shall deposit with the Security Agent all certificates of deposit, receipts or other instruments or securities relating to any Account, notify the Security Agent of any claim or notice relating to an Account from any other party and provide the Security Agent with any other information it may request concerning any Account.

- (e) Each of the Administrative Agent and the Security Agent agrees that if it is an Account Bank in respect of an Account then there will be no restrictions on creating a Security Interest over that Account as contemplated by this Agreement and it shall not (except with the approval of the Required Lenders) exercise any right of combination, consolidation or set-off which it may have in respect of that Account in a manner adverse to the rights of the other Finance Parties.

26 Business restrictions

Except as otherwise approved by the Required Lenders, each of the Obligors undertakes that this Clause 26 will be complied with by it and its Subsidiaries throughout the Facility Period.

26.1 General negative pledge

Neither the Borrower nor any of the Upstream Guarantors shall permit any Security Interest to exist, arise or be created or extended over all or any part of its assets except for:

- (a) those granted or expressed to be granted by any of the Security Documents;
- (b) Permitted Security Interests; and
- (c) (except in relation to Collateral) any lien arising by operation of law in the ordinary course of trading and not as a result of any default or omission by any Obligor.

26.2 Transactions similar to security

Without prejudice to Clauses 21.4 (*Sale or other disposal of a Ship*), 26.3 (*Financial Indebtedness*) and 26.6 (*Disposals*), neither the Borrower nor any of the Upstream Guarantors shall:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby that asset is or may be leased to, or re-acquired by, any Subsidiary of any Obligor other than pursuant to disposals permitted under Clause 26.6 (*Disposals*);
- (b) sell, transfer, factor or otherwise dispose of any of its receivables on recourse terms (except for the discounting of bills or notes in the ordinary course of business);
- (c) 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
- (d) 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.

26.3 Financial Indebtedness

Neither the Borrower nor any of the Upstream Guarantors shall incur or permit to exist, any Financial Indebtedness owed by it to anyone else except:

- (a) Financial Indebtedness incurred under the Finance Documents;
- (b) Financial Indebtedness owed to an Affiliate or shareholder or member which has been fully subordinated to the Financial Indebtedness incurred under the Finance Documents in the form set out in Schedule 6 (*Form of Subordination Letter*);

- (c) Financial Indebtedness permitted under Clauses 26.4 (*Guaranties*) and 26.5 (*Loans and credit*);
- (d) Financial Indebtedness arising under Permitted Security Interests; and
- (e) Financial Indebtedness arising under finance or capital leases of vehicles, equipment or computers; provided that the aggregate capital value of such items so leased does not exceed \$250,000 at any time.

26.4 Guaranties

None of the Upstream Guarantors shall give, or permit to exist, any guaranty by it in respect of indebtedness of any person or allow any of its indebtedness to be guaranteed by anyone else except (i) the Guaranties and (ii) unsecured guaranties in favor of trade creditors of such Upstream Guarantor given in the ordinary course of its business or as approved by the Administrative Agent.

26.5 Loans and credit

Neither the Borrower nor any Upstream Guarantors shall, make, grant or permit to exist any loans or any credit by it to anyone else other than:

- (a) loans or credit to either the Borrower or any other Upstream Guarantor; and
- (b) trade credit granted by it to its customers on normal commercial terms in the ordinary course of its trading activities.

26.6 Disposals

Without prejudice to Clause 21.4 (*Sale or other disposal of a Ship*) the Facility Guarantor shall not, and shall ensure that it and none of its Subsidiaries shall, enter into a single transaction or a series of transactions (other than any Acceptable Charter), whether related or not and whether voluntarily or involuntarily, without the prior written consent of the Required Lenders, such consent not to be unreasonably withheld or delayed, to (i) sell, transfer, grant, lease out or otherwise dispose of the whole or a substantial part of its assets (including, without limitation, any Ship); or (ii) to sell, transfer, grant, lease out or otherwise dispose of any of its assets other than at market value and on arm's length terms.

Provided that, the foregoing paragraph shall not prohibit the following disposals so long as they are not prohibited by any other provision of the Finance Documents:

- (a) disposals of assets made in (and on terms reflecting) the ordinary course of trading of the disposing entity but this shall not include any material assets necessary for it to conduct its business unless such assets are replaced with like assets simultaneously with such disposal;
- (b) disposals of assets made by one Obligor to another Obligor;
- (c) disposals of obsolete assets, or assets which are no longer required for the purpose of the business of the Borrower or any Guarantor, in each case for cash on normal commercial terms and on an arm's length basis;
- (d) any disposal of receivables on a non-recourse basis on arm's length terms (including at Fair Market Value) for non-deferred cash consideration in the ordinary course of its business;
- (e) disposals permitted by Clauses 26.2 (*Transactions similar to security*) or 26.3 (*Financial Indebtedness*);

- (f) dealings with trade creditors with respect to book debts in the ordinary course of trading; and
- (g) the application of cash or Cash Equivalents in the acquisition of assets or services in the ordinary course of its business.

26.7 Contracts and arrangements with Affiliates

None of the Borrower, the Facility Guarantor or the Upstream Guarantors shall be party to any arrangement or contract with any of its Affiliates unless such arrangement or contract is on an arm's length basis.

26.8 No Change of Control

- (a) Each of the Ships shall remain 100% legally and beneficially owned and controlled directly by the relevant Upstream Guarantor.
- (b) Each of the Upstream Guarantors shall remain 100% legally and beneficially owned and controlled directly by the Borrower.
- (c) The Borrower shall remain 100% legally and beneficially owned and controlled directly by the Facility Guarantor.

26.9 Subsidiaries

The Facility Guarantor shall not establish or acquire a company or other entity which would be or become an Obligor or reactivate any dormant Obligor.

26.10 Acquisitions and investments

Neither the Borrower nor any of the Upstream Guarantors shall acquire any person, business, assets or liabilities or make any investment in any person or business except:

- (a) with respect to the Borrower and its Subsidiaries (other than the Upstream Guarantors), the acquisitions of vessels in the ordinary course of business;
- (b) the acquisition of assets in the ordinary course of business (not being new businesses);
- (c) the incurrence of liabilities (other than Financial Indebtedness not permitted pursuant to Clause 26.3 (*Financial Indebtedness*)) in the ordinary course of its business;
- (d) any loan or credit not otherwise prohibited under this Agreement;
- (e) pursuant to any Finance Documents, Shipbuilding Contract Documents and Charter Documents to which it is party; or
- (f) any acquisition pursuant to a disposal permitted under Clause 26.6 (*Disposals*),

and neither the Borrower nor any of the Upstream Guarantors shall enter into any joint-venture arrangement without the approval of the Required Lenders such approval not to be unreasonably withheld.

26.11 Reduction of capital

Neither the Borrower nor any of the Upstream Guarantors shall redeem or purchase or otherwise reduce any of its equity or any other share or membership capital or any warrants or any uncalled or

unpaid liability in respect of any of them (other than as provided in Clause 26.12 (*Distributions and other payments*) below).

26.12 Distributions and other payments

If an Event of Default has occurred and is continuing, or if an Event of Default would result therefrom, or if the Facility Guarantor is not in compliance with any of the covenants in Clause 19 (*Financial Covenants*) or any payment of dividends or any form of distribution or return of capital would result in the Facility Guarantor not being in compliance with any of the covenants in Clause 19 (*Financial Covenants*), neither the Facility Guarantor nor the Borrower shall declare or pay any dividends or return any capital to its equity holders or authorize or make any other distribution, payment or delivery of property or cash to its equity holders, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value, any interest of any class or series of its Equity Interests (or acquire any rights, options or warrants relating thereto but not including convertible debt) now or hereafter outstanding, or repay any subordinated loans to equity holders or set aside any funds for any of the foregoing purposes.

Except as provided in this clause, neither the Borrower nor any Upstream Guarantor will permit any restriction (1) to declare or pay any dividends or return any capital to the Facility Guarantor or the Borrower, respectively, or authorize or make any other distribution, payment or delivery of property or cash to the Facility Guarantor or the Borrower, respectively, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value, any interest of any class or series of its Equity Interests (or acquire any rights, options or warrants relating thereto but not including convertible debt) now or hereafter outstanding or to pay any Financial Indebtedness owed to the Facility Guarantor or the Borrower, respectively, or (2) to repay and/or make any subordinated loans to the Facility Guarantor or the Borrower, respectively, or set aside any funds for any of the foregoing purposes, or (3) to transfer any of its assets to the Facility Guarantor or the Borrower, respectively.

26.13 Borrower's and Upstream Guarantors' Equity Interests

Neither the Facility Guarantor nor the Borrower shall permit any Security Interest (other than the Share Security) to exist, arise or be created or extended over all or any part of the Equity Interests of the Borrower or any Upstream Guarantor.

26.14 Borrower's Subordination of Financial Indebtedness

The Borrower shall not incur or permit to exist, any Financial Indebtedness owed by it to any of its Affiliates, shareholders or members unless such Financial Indebtedness has been fully subordinated to the Financial Indebtedness incurred under the Finance Documents in the form set out in Schedule 6 (*Form of Subordination Letter*).

26.15 Compliance with ERISA

- (a) None of the Obligors shall cause or suffer to exist:
 - (i) any event that could reasonably be expected to result in the imposition of liens in excess of \$250,000 on any asset of an Obligor or a Subsidiary of an Obligor with respect to any Title IV Plan or Multiemployer Plan; or
 - (ii) any other ERISA Event, that would, in the aggregate, have a Material Adverse Change.
- (b) None of the Obligors shall cause or suffer to exist any event that would, if not corrected or correctible, reasonably be expected to result in the imposition of liens (other than a permitted lien) in excess of \$250,000 with respect to any Benefit Plan.

27 Hedging Contracts

27.1 The Borrower undertakes that this Clause 27 will be complied with throughout the Facility Period.

27.2 Hedging

- (a) If, at any time during the Facility Period, the Borrower wishes to enter into any Treasury Transaction so as to hedge all or any part of its exposure under this Agreement to interest rate fluctuations, it shall advise the Administrative Agent in writing.
- (b) If any such Treasury Transaction pursuant to Clause 27.2(a) (*Hedging*) shall be concluded with a Swap Bank it shall be on the terms of the Hedging Master Agreement with that Swap Bank. No such Treasury Transaction shall be concluded unless:
 - (i) its purpose is to hedge the Borrower's interest rate risk in relation to borrowings under this Agreement for a period expiring no later than the Final Repayment Date, and such transaction is not speculative; and
 - (ii) its notional principal amount, when aggregated with the notional principal amount of any other continuing Hedging Contracts, does not and will not exceed the Loan as then scheduled to be repaid pursuant to Clause 6.2 (*Scheduled Repayment of Advances*).
- (c) If and when any such Treasury Transaction has been concluded, it shall constitute a Hedging Contract for the purposes of the Finance Documents.

27.3 Unwinding of Hedging Contracts

If, at any time, and whether as a result of any prepayment (in whole or in part) of the Loan or any cancellation (in whole or in part) of any Commitment or otherwise, the aggregate notional principal amount under all Hedging Transactions in respect of the Loan entered into by the Borrower exceeds or will exceed the amount of Loan outstanding at that time after such prepayment or cancellation, then (unless otherwise approved by the Required Lenders) the Borrower shall immediately close out and terminate sufficient Hedging Transactions as are necessary to ensure that the aggregate notional principal amount under the remaining continuing Hedging Transactions equals, and will in the future be equal to, the amount of the Loan at that time and as scheduled to be repaid from time to time thereafter pursuant to Clause 6.2 (*Scheduled Repayment of Advances*).

27.4 Assignment of Hedging Contracts by Borrower

Except with approval of all the Lenders or by the Hedging Contract Security, the Borrower shall not assign or otherwise dispose of its rights under any Hedging Contract.

27.5 Termination of Hedging Contracts by Borrower

Except with approval of all the Lenders, the Borrower shall not terminate or rescind any Hedging Contract or close out or unwind any Hedging Transaction except in accordance with Clause 27.3 (*Unwinding of Hedging Contracts*) for any reason whatsoever.

27.6 Performance of Hedging Contracts by Borrower

The Borrower shall perform its obligations under the Hedging Contracts to which it is party.

27.7 Information concerning Hedging Contracts

The Borrower shall provide the Administrative Agent with any information it may reasonably request concerning any Hedging Contract, including all reasonable information, accounts and records that may be necessary or of assistance to enable the Finance Parties to verify the amounts of all payments and any other amounts payable under the Hedging Contracts.

28 Events of Default

Each of the events or circumstances set out in Clauses 28.1 (*Non-payment*) to 28.25 (*Anti-Bribery and Corruption Laws*) is an Event of Default.

28.1 Non-payment

- (a) An Obligor does not pay on the due date any amount payable pursuant to a Finance Document, the KEXIM Premium or the K-sure Premium at the place at and in the currency in which it is expressed to be payable.
- (b) No Event of Default under Clause 28.1(a) (*Non-payment*) above will occur if (i) its failure to pay is caused by administrative or technical error and (ii) payment is made within three (3) Business Days of its due date.

28.2 Value of security

The Borrower does not comply with Clause 24.11 (*Security shortfall*).

28.3 Insurance

- (a) The Insurances of a Mortgaged Ship are not placed and kept in force in the manner required by Clause 23 (*Insurance*).
- (b) Any insurer either:
 - (i) cancels any such Insurances; or
 - (ii) disclaims liability under them by reason of any misstatement or failure or default by any person.
- (c) Under this Clause 28.3, an Event of Default is immediate with no applicable grace period.

28.4 Financial covenants

An Obligor does not comply with Clause 19 (*Financial Covenants*).

28.5 Other obligations

Subject to any applicable grace period specified in a Finance Document, an Obligor does not comply with any provision of such Finance Document (other than those referred to in Clauses 28.1 (*Non-payment*), 28.2 (*Value of security*), 28.3 (*Insurance*), 28.4 (*Financial covenants*), and 28.23 (*Hedging Contracts*)).

28.6 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

28.7 Cross default

- (a) Any Financial Indebtedness of (i) any Upstream Guarantor or the Borrower in an amount in excess of the equivalent of \$1,000,000 is not paid when due nor within any originally applicable grace period or (ii) the Facility Guarantor or any direct or indirect Subsidiary of the Facility Guarantor (excluding any Upstream Guarantor or the Borrower) in an aggregate amount in excess of the equivalent of \$10,000,000 is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of (i) any Upstream Guarantor or the Borrower in an amount in excess of the equivalent of \$1,000,000 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) or (ii) the Facility Guarantor or any direct or indirect Subsidiary of the Facility Guarantor (excluding any Upstream Guarantor or the Borrower) in an aggregate amount in excess of the equivalent of \$10,000,000 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 Upstream Guarantor, the Borrower, the Facility Guarantor or Subsidiary of the Facility Guarantor (as the case may be) is contesting in good faith the validity of its obligation to make such payment and the Borrower has provided the Administrative Agent with satisfactory evidence it has set aside adequate reserves in accordance with GAAP with respect to the amount being claimed of it and to finance any action it is taking to contest such claims.
- (c) An event of default, or an event or circumstance which, with the giving of any notice, the lapse of time or both would constitute an event of default, has occurred on the part of an Obligor under any contract or agreement (other than the Finance Documents) to which such Finance Party is a party and the value of which is or exceeds in the aggregate (i) in the case of any Upstream Guarantor or the Borrower, the equivalent of \$1,000,000, or (ii) in the case of the Facility Guarantor or any direct or indirect Subsidiary of the Facility Guarantor (excluding any Upstream Guarantor or the Borrower) the equivalent of \$10,000,000, and such event of default has not been cured within any applicable grace period.

28.8 Insolvency

An Insolvency Event occurs with respect to any Obligor.

28.9 Intentionally omitted

28.10 Creditors' process; Judgments

- (a) Any expropriation, attachment, sequestration, distress, execution or analogous process affects all or substantially all of the assets of any Obligor and is not discharged within ten (10) days.
- (b) Any judgment or order in excess of \$1,000,000 with respect to the Borrower and the Upstream Guarantors and \$10,000,000 with respect to the Facility Guarantor is not stayed or complied with within thirty (30) days, provided that the relevant Obligor shall have set aside on its books adequate reserves in accordance with GAAP.

28.11 Unlawfulness, impossibility and invalidity

- (a) It is or becomes unlawful or impossible for an Obligor to perform any of its obligations under the Finance Documents or any Security Interest created or expressed to be created or evidenced by the Security Documents ceases to be effective.
- (b) Any obligation or obligations of any Obligor under any Finance Documents are not or cease to be legal, valid, binding or enforceable.
- (c) Any Finance Document or any Security Interest created or expressed to be created or evidenced by the Security Documents ceases to be in full force and effect or is alleged by a party to it (other than the Finance Parties) to be ineffective for any reason.
- (d) Any Security Document does not create legal, valid, binding and enforceable security over the assets charged under that Security Document or the ranking or priority of such security is adversely affected.

28.12 Cessation of business

Any Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business other than as approved pursuant to this Agreement.

28.13 Change of Control

Any Change of Control occurs pursuant to Clause 7.2 (*Change of Control*) without the prior consent of all the Lenders and the Borrower fails to prepay the Loan in accordance with Clause 7.2 (*Change of Control*).

28.14 Expropriation

The authority or ability of any Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalization, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to an Obligor or any of its assets.

28.15 Repudiation and rescission of Finance Documents

An Obligor repudiates or purports to repudiate a Finance Document or indicates an intention to rescind or purports to rescind a Finance Document.

28.16 Material Adverse Change or other Event

There occurs, in the reasonable opinion of the Required Lenders:

- (a) a Material Adverse Change;
- (b) any Environmental Incident or other event or circumstance or series of events (including any change of law) occurs which is reasonably likely to result in a Material Adverse Change or
- (c) an event or circumstance which materially and adversely effects the ability of any Obligor to perform its obligations under the Finance Documents.

28.17 Litigation

Any litigation, alternative dispute resolution, arbitration or administrative proceeding is taking place, or, to the best of any Obligor's knowledge, likely to be commenced or taken against any Obligor (including, without limitation, investigative proceedings) or any of its assets, rights or revenues which, if adversely determined, is reasonably likely to result in a Material Adverse Change.

28.18 Security enforceable

Any Security Interest (other than a Permitted Maritime Lien) in respect of Collateral becomes enforceable, unless any such Security Interest is being contested in good faith and by appropriate proceedings or other acts and the relevant Obligor has provided security acceptable to the Administrative Agent (acting reasonably on the instructions of the Required Lenders) to the extent necessary to prevent the enforcement, arrest, attachment, seizure or forfeiture in respect of such Collateral.

28.19 Arrest of Ship

Any Mortgaged Ship is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim and the relevant Upstream Guarantor fails to procure the release of such Mortgaged Ship within a period of thirty Business Days thereafter.

28.20 Ship registration

Except with approval, the registration of any Mortgaged Ship under the laws and flag of its Flag State is cancelled or terminated or, where applicable, not renewed or, if such Mortgaged Ship is only provisionally registered on the date of its Mortgage, such Mortgaged Ship is not permanently registered under such laws within the expiry of its provisional registration.

28.21 Political risk

The Flag State of any Mortgaged Ship or any Relevant Jurisdiction of an Obligor becomes involved in hostilities or civil war or there is a seizure of power in the Flag State or any such Relevant Jurisdiction by unconstitutional means if, in any such case, such event or circumstance might have a Material Adverse Change and, within 14 days of notice from the Administrative Agent (as instructed by the Required Lenders) to do so, such action as the Administrative Agent (as instructed by the Required Lenders) may require to ensure that such circumstances will not have such an effect has not been taken by the Borrower or the relevant Upstream Guarantor (such action may include, without limitation, the reflagging of such Mortgaged Ship to an approved Flag State and the provision of a new mortgage over the Mortgaged Ship and the necessary collateral documents as well as any documents required by the new Flag State).

28.22 Class or trading certificates

Any class or trading certificate for any Mortgaged Ship is withdrawn unless such withdrawal is remedied within seven (7) Business Days.

28.23 Hedging Contracts

- (a) An Event of Default or Potential Event of Default (in each case as defined in any Hedging Master Agreement) has occurred and is continuing under any Hedging Contract.

- (b) An Early Termination Date (as defined in any Hedging Master Agreement) has occurred or been or become capable of being effectively designated under any Hedging Contract.
- (c) A person entitled to do so gives notice of such an Early Termination Date under any Hedging Contract except with approval or as may be required by Clause 27.3 (*Unwinding of Hedging Contracts*).
- (d) Any Hedging Contract is terminated, cancelled, suspended, rescinded or revoked or otherwise ceases to remain in full force and effect for any reason except with approval by the Administrative Agent or as may be required by Clause 27.3 (*Unwinding of Hedging Contracts*).

28.24 Sanctions

- (a) It will be considered an Event of Default under this Agreement:
 - (i) if any Obligor or any of its Affiliates becomes a Restricted Person or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Person or any of such persons becomes the owner or controller of a Restricted Person;
 - (ii) if any Obligor or any of its Affiliates fails to comply with any Sanctions;
 - (iii) any proceeds of Loan is made available, directly or indirectly, to or for the benefit of a Restricted Person or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions;
 - (iv) a change in law makes the making or maintenance of the Loan illegal or otherwise prohibited; or
 - (v) if an Obligor or any of its officers, directors, employees or agents has violated or caused a Lender to violate any Sanctions in connection with this Agreement, and in such case, notwithstanding any other provision of this Agreement to the contrary:
 - (A) such Lender may notify the Administrative Agent upon becoming aware of that event, and the Administrative Agent shall promptly notify the Borrower;
 - (B) upon the Administrative Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled;
 - (C) to the extent that the Lender's participation has not been assigned pursuant to Clauses 2.2 (*Increase*) or 41.8(a) to 41.8(c) (*Replacement of a Defaulting Lender*), the Borrower shall repay all amounts outstanding to the Lender on the last day of the Interest Period occurring after the Administrative Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by law).
- (b) In relation to each Restricted Lender defined in Clause 14.9(b) (*Sanctions Indemnity*), Clauses 20.1 (b) (*Use of proceeds*), 20.3 (*Compliance with laws*), 20.13 (*Sanctions generally*), 20.14 (*Sanctions with respect to each Mortgaged Ship*) and Clause 28.26 (*Acceleration*) shall only apply for the benefit of that Restricted Lender to the extent that the provisions would not result in (i) any violation of or conflict with Council Regulation (EC) 2271/96 or (ii) a violation of or conflict with section 7 German foreign trade rules (AWV) (*Außenwirtschaftsverordnung*) or a similar anti-boycott statute.

28.25 Anti-Bribery and Corruption

- (a) It will be considered an Event of Default under this Agreement if any Obligor or Affiliate breaches the representations, warranties, or covenants described in Clause 17.32 (*Anti-Bribery and Corruption Laws*).
- (b) If an Obligor or any of its officers, directors, employees or agents has violated or caused a Lender to violate any Anti-Bribery and Corruption Laws in connection with this Agreement, such Lender may, notwithstanding any other provision of this Agreement to the contrary, cancel its Commitment and participation in this Agreement in accordance with Clause 28.24(a)(v) (*Sanctions*).

28.26 Acceleration

Subject to the proviso hereto on and at any time after the occurrence of an Event of Default which is continuing the Administrative Agent may, and shall if so directed by the Required Lenders, by notice to the Borrower:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled; and/or
- (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, at which time they shall become immediately due and payable; and/or
- (c) declare that all or part of the Loan be payable on demand, at which time it shall immediately become payable on demand by the Administrative Agent on the instructions of the Required Lender;
- (d) declare that no withdrawals be made from any Account; and/or
- (e) exercise or direct the Security Agent and/or any other beneficiary of the Security Documents to exercise any or all of their rights, remedies, powers or discretions under the Finance Documents;

provided, however, that upon the occurrence of any Insolvency Event specified in Clause 28.8 (*Insolvency*), the Total Commitments shall automatically be cancelled and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Lender.

29 Position of Swap Bank

29.1 Rights of Swap Bank

- (a) Each Swap Bank is a Finance Party and as such, will be entitled to share in the security constituted by the Security Documents in respect of any liabilities of the Borrower under the Hedging Contracts with such Swap Bank, on a subordinated basis and in the manner and to the extent contemplated by the Finance Documents.
- (b) So long as a Swap Bank has entered into any Hedging Contract, Hedging Contract Security and/or Hedging Master Agreement while it was an Original Lender (or an Affiliate of an Original Lender) and if such Original Lender is no longer a Lender under this Agreement, then the Security Interests securing the Hedging Contracts entered into by such Original Lender (or such Affiliate) and which were created by the relevant Security Document shall continue to remain in full force and effect.

29.2 No voting rights

No Swap Bank shall be entitled to vote on any matter where a decision of the Lenders alone is required under this Agreement, whether before or after the termination or close out of the Hedging Contracts with such Swap Bank, provided that each Swap Bank shall be entitled to vote on any matter where a decision of all the Finance Parties is expressly required.

29.3 Acceleration and enforcement of security

Neither the Administrative Agent nor the Security Agent or any other beneficiary of the Security Documents shall be obliged, in connection with any action taken or proposed to be taken under or pursuant to Clause 28 (*Events of Default*) or pursuant to the other Finance Documents, to have any regard to the requirements of the Swap Bank except to the extent that the relevant Swap Bank is also a Lender.

29.4 Close out of Hedging Contracts

- (a) The Parties agree that at any time on and after any Event of Default the Administrative Agent (acting on the instructions of the Required Lenders) shall be entitled, by notice in writing to a Swap Bank, to instruct such Swap Bank to terminate and close out any Hedging Transactions (or part thereof) with the relevant Swap Bank. The relevant Swap Bank will terminate and close out the relevant Hedging Transactions (or parts thereof) and/or the relevant Hedging Contracts in accordance with such notice immediately upon receipt of such notice.
- (b) No Swap Bank shall be entitled to terminate or close out any Hedging Contract or any Hedging Transaction under it prior to its stated maturity except:
 - (i) in accordance with a notice served by the Administrative Agent under Clause 28.26 (*Acceleration*);
 - (ii) if the Borrower has not paid amounts due under the Hedging Contract and such amounts remain unpaid for a period of 30 calendar days (not Business Days) after the due date for payment and the Administrative Agent (acting on the instructions of the Required Lenders) consents to such termination or close out;
 - (iii) if the Administrative Agent takes any action under Clause 28.26 (*Acceleration*); or
 - (iv) if the Loan and other amounts outstanding under the Finance Documents (other than amounts outstanding under the Hedging Contracts) have been repaid by the Borrower in full.
- (c) If an Event of Default has occurred and is continuing, if there is a net amount payable to the Borrower under a Hedging Transaction or a Hedging Contract upon its termination and close out, the relevant Swap Bank shall forthwith pay that net amount (together with interest earned on such amount) to the Security Agent for application in accordance with Clause 32.23 (*Order of application*).
- (d) No Swap Bank (in any capacity) shall set-off any such net amount against or exercise any right of combination in respect of any other claim it has against the Borrower.
- (e) Nothing in this clause shall limit the right of a Swap Bank, which ceases to be a Lender, from assigning, transferring or novating the Hedging Contract to which it is a party to another Swap Bank.

SECTION 8 - CHANGES TO PARTIES

30 Changes to the Lenders

30.1 Assignments by the Lenders

Subject to this Clause 30, a Lender (the "**Existing Lender**") may, subject to the Facility Guarantor's prior written consent, not to be unreasonably withheld or delayed as long as no Event of Default has occurred or is continuing, assign, transfer or novate all or any part of its rights under the Finance Documents to another bank or financial institution (a "**Substitute**"; it being agreed that following the occurrence of an Event of Default, no consent of the Facility Guarantor shall be required, and a Substitute may also include 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).

Notwithstanding the foregoing sentence:

- (a) no consent of the Facility Guarantor shall be required for assignments or transfers to Affiliates of Lenders, other Lenders, KEXIM, K-sure or for securitization purposes of a Lender provided that such securitization shall continue to be managed by such Lender and it shall not result in such Lender assigning or transferring any of its rights in view of such securitization process;
- (b) none of the Obligor may at any time purchase or otherwise acquire any interest in all or any portion of the Loan from any Existing Lender or a Substitute;
- (c) in relation to an Existing Lender's rights under the Commercial Tranche, a Substitute may be only a Lender or other financial institution reasonably acceptable to the Facility Guarantor, such Facility Guarantor's confirmation to be deemed given if no response to the contrary is received within seven (7) Business Days;
- (d) in relation to an Existing Lender's rights under the KEXIM Guaranteed Tranche, a Substitute may be only a Mandated Lead Arranger or other financial institution acceptable to the Facility Guarantor and KEXIM, such Facility Guarantor's confirmation to be deemed given if no response to the contrary is received within seven (7) Business Days;
- (e) in relation to an Existing Lender's rights under the KEXIM Funded Tranche, no consent of the Facility Guarantor shall be required for transfers to any Substitute following a direction or requirement from the Korean Government or any agency thereof, provided that the Facility Guarantor shall be notified of any such transfer.
- (f) in relation to an Existing Lender's rights under the K-sure Tranche:
 - (i) a Substitute may be only a Mandated Lead Arranger or other financial institution acceptable to K-sure and the Facility Guarantor, such Facility Guarantor's confirmation to be deemed given if no response to the contrary is received within seven (7) Business Days, and such Substitute may not be KEXIM;
 - (ii) to the extent that it is required to do so by K-sure pursuant to the terms of any K-sure Insurance Policy, the K-sure transferor Lender shall cause a transfer to K-sure in respect of such part of its Commitment or (as the case may be) its portion of the relevant Advance under the K-sure Tranche as is equal to the amount simultaneously paid to it by K-sure under the relevant K-sure Insurance Policy, provided that this shall not be construed as depriving any K-sure transferor Lender of its rights to recover any part of the Total Commitments, Loan, Unpaid Sum or otherwise owing to it after receipt of the relevant K-sure Insurance Policy insurance proceeds;

- (iii) for the avoidance of doubt and without prejudice to the generality of the foregoing, in the event that K-sure pays out in full or in part the insurance proceeds in accordance with the terms of any K-sure Insurance Policy:
 - (A) the obligations of the Obligors under this Agreement and each of the Finance Documents shall neither be reduced nor affected in any way;
 - (B) K-sure shall be entitled to the extent of such payment to exercise all rights of the K-sure Lenders (whether present or future) against the Obligors pursuant to this Agreement and the Finance Documents or any relevant laws and/or regulations, as the case may be in respect of the Collateral and solely to the extent that these relate to such payment (but without prejudice to the exercise of such rights by the other Finance Parties) unless and until such insurance proceeds and the interest accrued on them are fully reimbursed to K-sure; and
 - (C) with respect to the obligations of the Obligors owed to the Administrative Agent and/or the K-sure Lenders under the Finance Documents (or any of them), such obligations shall be owed to K-sure by way of subrogation of the rights of the K-sure Lenders.

30.2 Substitution

Subject to this Clause 30, any Existing Lender may assign all or any part of its rights under the Finance Documents to a Substitute. Any such assignment and assumption shall be effected upon five (5) Business Days' prior notice by delivery to the Administrative Agent of a duly completed Substitution Certificate duly executed by such Lender, the Substitute and the Administrative Agent (for itself and on behalf of the other parties to the relevant Finance Document). On the effective date specified in a Substitution Certificate so executed and delivered, to the extent that they are expressed in such Substitution Certificate to be the subject of the assignment and assumption effected pursuant to this Clause 30.2:

- (a) the existing parties to the relevant Finance Document and the Lender party to the relevant Substitution Certificate shall be released from their respective obligations towards one another under such Finance Document ("**discharged obligations**") and their respective rights against one another under such Finance Document ("**discharged rights**") shall be cancelled;
- (b) the Substitute party to the relevant Substitution Certificate and the existing parties to the relevant Finance Document (other than the Lender party to such Substitution Certificate) shall assume obligations towards each other which differ from the discharged obligations only insofar as they are owed to or assumed by such Substitute instead of to or by such Lender;
- (c) the Substitute party to the relevant Substitution Certificate and the existing parties to the relevant Finance Document (other than the Lender party to such Substitution Certificate) shall acquire rights against each other which differ from the discharged rights only insofar as they are exercisable by or against such Substitute instead of by or against such Lender; and
- (d) in the event any Lender transfers by way of assignment all or any part of its rights, benefits and/or obligations under any Finance Document to another person, the relevant Finance Document, this Agreement and the other Finance Documents shall remain in full force and effect,

and, on the date upon which such assignment and assumption takes effect, the Substitute shall pay to the Administrative Agent for its own account a fee in the sum of \$4,000, unless waived by the Administrative Agent. The Administrative Agent shall promptly notify the other parties hereto and to the relevant Finance Document under which the assignment and assumption is occurring of the

receipt by it of any Substitution Certificate and shall promptly deliver a copy of such Substitution Certificate to the Borrower.

30.3 Reliance on Substitution Certificate

The Administrative Agent, the Security Agent, the Lenders and the Borrower shall be fully entitled to rely on any Substitution Certificate delivered to the Administrative Agent in accordance with the foregoing provisions of this Clause 30 which is complete and regular on its face as regards its contents and purportedly signed on behalf of the relevant Lender and the Substitute and neither the Administrative Agent, nor the Lenders nor the Borrower shall have any liability or responsibility to any party as a consequence of placing reliance on and acting in accordance with any such Substitution Certificate if it proves to be the case that the same was not authentic or duly authorized.

30.4 Signing of Substitution Certificate

Each of the Borrower, the Guarantors, the Mandated Lead Arrangers, the Swap Banks, the Lenders, the Administrative Agent, the Security Agent and the ECA Agent irrevocably authorizes the Administrative Agent to countersign each Substitution Certificate on its behalf without any further consent of, or consultation with, each such party.

30.5 Construction of certain references

If any Lender assigns, transfers, novates and/or substitutes all or any part of its rights, benefits and obligations as provided in Clause 30.1 (*Assignments by the Lenders*) or 30.2 (*Substitution*) all relevant references in the relevant Finance Document to such Lender shall thereafter be construed as a reference to such assignee, transferee, novatee or Substitute (as the case may be) to the extent of their respective interests.

30.6 Documenting assignments, transfers, novations and/or substitutions

If any Lender assigns, transfers, novates and/or substitutes all or any part of its rights, benefits and/or obligations as provided in Clause 30.1 (*Assignments by the Lenders*) or 30.2 (*Substitution*), the Borrower undertakes, immediately on being requested to do so by the Administrative Agent if so requested and at the cost of the Lender that has so assigned, transferred, novated and/or substituted all or any part of its rights and/or obligations, to enter into, and procure that the other Obligors which are parties to the Security Documents shall enter into, such documents as may be necessary or desirable to transfer to the assignee, transferee novatee or Substitute all or the relevant part of such Lender's interest in the Security Documents and all relevant references in this Agreement and any other relevant Finance Document to such Lender shall thereafter be construed as a reference to the Lender and/or its assignee, transferee, novatee or Substitute (as the case may be) to the extent of their respective interests.

30.7 Lending office

Each Lender shall lend through its office at the address specified in Schedule 1 (*The original parties*) or, as the case may be, in any relevant Substitution Certificate or through any other office of such Lender selected from time to time by it through which such Lender wishes to lend for the purposes of this Agreement.

30.8 Disclosure of information

- (a) Each Finance Party agrees to use all reasonable efforts to maintain, in accordance with its customary practices, the confidentiality of Information (as defined below) for a period of 2 years after the date of this Agreement, except that any Finance Party may give, divulge and reveal from time to time information and details relating to its account, any Ship, the Finance

Documents, the Facility, any Commitment and any agreement entered into by the Borrower and/or any Guarantor or information provided by the Borrower and/or any Guarantor in connection with the Finance Documents to:

- (i) any private, public or internationally recognized authorities or any regulatory party to which that Finance Party is subject to, that are entitled to by law or judicial order and as such have requested to obtain such information;
 - (ii) the head offices, branches and affiliates, and professional advisors (with a duty of confidentiality regarding such professional advisors) of any Finance Party;
 - (iii) KEXIM, K-sure or any other parties to the Finance Documents;
 - (iv) a rating agency or their professional advisors;
 - (v) any person with whom they propose to enter (or contemplate entering) into contractual relations in relation to the Facility and/or Commitments including, without limitation, any enforcement, preservation, assignment, transfer, novation, sale or sub-participation of any of the rights and obligations of any Finance Party; or
 - (vi) any other person(s) regarding the funding, re-financing, transfer, assignment, novation, sale, sub-participation or operational arrangement or other transaction in relation thereto, including, without limitation, any enforcement, preservation, assignment, transfer, sale or sub-participation of any of the rights and obligations of any Finance Party.
- (b) For purposes of Clause 30.8(a) above, **Information** means all information received from any Obligor or any of its Subsidiaries relating to any Obligor or any of their Subsidiaries or any of their respective businesses (including, without limitation, information provided either directly by any such party or through electronic means (such as DebtDomain, Intralinks or other data websites)), other than any such information that is available to the Finance Parties on a non-confidential basis prior to disclosure by any Obligor or any of its Subsidiaries, provided that, in the case of information received from any Obligor or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential.
- (c) Any person required to maintain the confidentiality of Information as provided in this Clause 30.8 shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord its own confidential information.
- (d) This clause 30.8 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding the confidentiality of Information and supersedes any previous agreement, whether express or implied, regarding such Information.

30.9 No additional cost

No Obligor shall be liable under this Agreement or any other Finance Document to pay more after an assignment, transfer, novation or substitution under Clause 30.1 (*Assignments by the Lenders*) or 30.2 (*Substitution*) than it would have been liable to pay had such assignment, transfer, novation or substitution not taken place (except for transfer to KEXIM or K-sure).

30.10 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 pledge,

assign or otherwise create a Security Interest 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 pledge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any pledge, assignment or other Security Interest 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 pledge, assignment or Security Interest shall:
 - (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant pledge, assignment or other Security Interest for the Lender as a party to any of the Finance Documents; or
 - (ii) require any payments to be made by an Obligor 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.

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 without prior written consent from all Lenders.

SECTION 9 - THE FINANCE PARTIES

32 Roles of Administrative Agent, Security Agent, Mandated Lead Arrangers and ECA Agent

32.1 Appointment of the Administrative Agent

- (a) Each other Finance Party (other than the Security Agent) appoints the Administrative Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each such other Finance Party authorizes the Administrative Agent:
 - (i) to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Administrative Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions; and
 - (ii) to execute each of the Security Documents and all other documents that may be approved by the Required Lenders for execution by it.

32.2 Instructions to Administrative Agent

- (a) The Administrative Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Administrative Agent in accordance with any instructions given to it by (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and (B) in all other cases, the Required Lenders; and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Administrative Agent shall be entitled to request instructions, or clarification of any instruction, from the Required Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Administrative Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Administrative Agent by the Required Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties save for the Security Agent.
- (d) The Administrative Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Administrative Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.

- (f) The Administrative Agent is not authorized to act on behalf of a Lender or a Swap Bank (without first obtaining that Lender's or that Swap Bank's consent) in any legal or arbitration proceedings relating to any Finance Document. This Clause 32.2(f) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Security Documents.

32.3 Duties of the Administrative Agent

- (a) The Administrative Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Administrative Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Administrative Agent for that Party by any other Party.
- (c) The Administrative Agent shall promptly forward to each Lender the documents provided to it by any Obligor pursuant to Clause 18 (*Information Undertakings*).
- (d) Except where a Finance Document specifically provides otherwise, the Administrative Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Administrative 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 other Finance Parties.
- (f) If the Administrative Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Administrative Agent, the Mandated Lead Arrangers or the Security Agent, for their own account) under this Agreement it shall promptly notify the other Finance Parties.
- (g) The Administrative Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

32.4 Role of the Mandated Lead Arrangers

Except as specifically provided in the Finance Documents, none of the Mandated Lead Arrangers have any obligations of any kind to any other Party under or in connection with any Finance Document or the transactions contemplated by the Finance Documents.

32.5 No fiduciary duties

- (a) Nothing in this Agreement constitutes the Administrative Agent or any Mandated Lead Arranger as a trustee or fiduciary of any other person.
- (b) None of the Administrative Agent, the Security Agent or any Mandated Lead Arranger shall be bound to account to any Lender or any Swap Bank for any sum or the profit element of any sum received by it for its own account or have any obligations to the other Finance Parties beyond those expressly stated in the Finance Documents.

32.6 Business with the Obligors

The Administrative Agent, the Security Agent and any Mandated Lead Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or their Affiliates.

32.7 Rights and discretions of the Administrative Agent

- (a) The Administrative Agent may
- (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorized;
 - (ii) assume that (A) any instructions received by it from the Required Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and (B) unless it has received notice of revocation, that those instructions have not been revoked; and
 - (iii) rely on a certificate from any person (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing, as sufficient evidence that that is the case and, in the case of paragraph (i) above, may assume the truth and accuracy of that certificate.
- (b) The Administrative Agent may assume (unless it has received notice to the contrary in its capacity as agent for the other Finance Parties) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 28.1 (Non-payment));
 - (ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised; and
 - (iii) any notice or request made by the Borrower (other than a Utilization Request) is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) The Administrative Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts in the conduct of its obligations and responsibilities under the Finance Documents.
- (d) The Administrative Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Administrative Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (e) Without prejudice to the generality of paragraphs (c) and (d), the Administrative Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Administrative Agent (and so separate from any lawyers instructed by the Lenders) if the Administrative Agent in its reasonable opinion deems this to be desirable.
- (f) The Administrative Agent may act in relation to the Finance Documents through its officers, employees and agents and the Administrative Agent shall not:
- (i) be liable for any error of judgment made by any such person; or
 - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,
- unless such error or such loss was directly caused by the Administrative Agent's gross negligence or willful misconduct.

- (g) Unless a Finance Document expressly provides otherwise, the Administrative Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (h) Without prejudice to the generality of Clause 32.7(g) (*Rights and discretions of the Administrative Agent*) above, the Administrative Agent:
 - (i) may disclose; and
 - (ii) upon the written request of the Borrower or the Required Lenders shall, as soon as reasonably practicable, disclose the identity of a Defaulting Lender to the other Finance Parties and the Borrower.
- (i) Notwithstanding any other provision of any Finance Document to the contrary, neither the Administrative Agent nor any Mandated Lead 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. The Administrative Agent and each Mandated Lead Arranger may do anything which in its opinion, is necessary or desirable to comply with any law or regulation of any jurisdiction.
- (j) Notwithstanding any provision of any Finance Document to the contrary, the Administrative Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.
- (k) Neither the Administrative Agent nor any Mandated Lead Arranger shall be obliged to request any certificate, opinion or other information under Clause 18 (*Information undertakings*) unless so required in writing by a Lender or a Swap Bank, in which case the Administrative Agent shall promptly make the appropriate request of the Borrower if such request would be in accordance with the terms of this Agreement.

32.8 Responsibility for documentation and other matters

Neither the Administrative Agent nor any Mandated Lead Arranger is responsible or liable for:

- (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Administrative Agent, any Mandated Lead Arranger, an Obligor or any other person given 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 or of any representations in any Finance Document or of any copy of any document delivered under any Finance Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (c) any loss to the Trust Property arising in consequence of the failure, depreciation or loss of any Collateral or any investments made or retained in good faith or by reason of any other matter or thing;
- (d) accounting to any person for any sum or the profit element of any sum received by it for its own account;

- (e) the failure of any Obligor or any other party to perform its obligations under or in connection with any Transaction Document, or the financial condition of any such person;
- (f) ascertaining whether all deeds and documents which should have been deposited with it (or the Security Agent) under or pursuant to any of the Security Documents have been so deposited;
- (g) investigating or making any inquiry into the title of any Obligor to any of the Collateral or any of its other property or assets;
- (h) failing to register any of the Security Documents in accordance with the provisions of the documents of title of any Obligor to any of the Collateral;
- (i) failing to take or require any Obligor to take any steps to render any of the Security Documents effective as regards property or assets outside New York or to secure the creation of any ancillary pledge under the laws of the jurisdiction concerned;
- (j) (unless it is the same entity as the Security Agent) the Security Agent and/or any other beneficiary of a Security Document failing to perform or discharge any of its duties or obligations under the Security Documents; or
- (k) 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 any applicable law or regulation relating to insider dealing or otherwise.

32.9 No duty to monitor

The Administrative Agent shall not be bound to inquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

32.10 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of the Finance Documents excluding or limiting the liability of the Administrative Agent) the Administrative Agent will not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Collateral, unless directly caused by its gross negligence or willful misconduct;
 - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Collateral 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 Collateral; or
 - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a

result of (A) any act, event or circumstance not reasonably within its control; or (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalization, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Payment Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

- (b) No Party (other than the Administrative Agent) may take any proceedings against any officer, employee or agent of the Administrative Agent in respect of any claim it might have against the Administrative Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document.
- (c) The Administrative 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 the Administrative Agent if the Administrative Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the Administrative Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Administrative Agent or any Mandated Lead Arranger to carry out
 - (i) any "know your customer" or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender,on behalf of any Lender or any Swap Bank and each Lender and each Swap Bank confirms to the Administrative Agent and each Mandated Lead 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 Administrative Agent or any Mandated Lead Arranger.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Administrative Agent's liability, any liability of the Administrative Agent arising under or in connection with any Finance Document or the Collateral shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Administrative Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Administrative Agent at any time which increase the amount of that loss. In no event shall the Administrative Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Administrative Agent has been advised of the possibility of such loss or damages.

32.11 Lenders' indemnity to the Administrative Agent

- (a) Each Lender shall (in proportion (if no part of the Loan is then outstanding) to its share of the Total Commitments or (at any other time) to its participation in the Loan) indemnify the Administrative Agent, within three (3) Business Days of demand, against
 - (i) any Losses for negligence or any other category of liability whatsoever incurred by Administrative Agent in the circumstances contemplated pursuant to Clause 36.9 (*Disruption to payment systems etc.*) notwithstanding the Administrative Agent's

negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Administrative Agent;

- (ii) any other Losses (otherwise than by reason of the Administrative Agent's gross negligence or willful misconduct) including the costs of any person engaged in accordance with Clause 32.7 (*Rights and discretions of the Administrative Agent*) in acting as its agent under the Finance Documents; and
- (iii) any Losses relating to FATCA;

in each case incurred by the Administrative Agent in acting as such under the Finance Documents (unless the Administrative Agent has been reimbursed by an Obligor pursuant to a Finance Document or out of the Trust Property).

- (b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Administrative Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Administrative Agent to an Obligor.

32.12 Resignation of the Administrative Agent

- (a) The Administrative Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders, each Swap Bank, the Security Agent and the Obligors.
- (b) Alternatively the Administrative Agent may resign by giving 30 days' notice to the other Finance Parties and the Obligors, in which case the Required Lenders (after consultation with the Obligors) may appoint a successor Administrative Agent.
- (c) If the Required Lenders have not appointed a successor Administrative Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Administrative Agent (after consultation with the Borrower) may appoint a successor Administrative Agent.
- (d) If the Administrative Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Administrative Agent is entitled to appoint a successor Administrative Agent under paragraph (c) above, the Administrative Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Administrative Agent to become a party to this Agreement as Administrative Agent) agree with the proposed successor Administrative Agent amendments to this Clause 32 and any other term of this Agreement dealing with the rights or obligations of the Administrative Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Administrative Agent's normal fee rates and those amendments will bind the Parties.
- (e) The retiring Administrative Agent shall make available to the successor Administrative Agent such documents and records and provide such assistance as the successor Administrative Agent may reasonably request for the purposes of performing its functions as Administrative Agent under the Finance Documents. The Borrower shall, within three (3) Business Days of demand, reimburse the retiring Administrative Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

- (f) The Administrative Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) The appointment of the successor Administrative Agent shall take effect on the date specified in the notice from the Required Lenders to the retiring Administrative Agent. As from this date, the retiring Administrative Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.3 (*Indemnity to the Administrative Agent and the Security Agent*) and this Clause 32 (and any agency fees for the account of the retiring Administrative Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations among themselves as they would have had if such successor had been an original Party.
- (h) The Administrative Agent shall resign in accordance with either paragraph (a) or (b) above (and, to the extent applicable, shall use reasonable endeavors to appoint a successor Administrative Agent pursuant to paragraph (c) above) if on or after the date which is three (3) months before the earliest FATCA Application Date relating to any payment to the Administrative Agent under the Finance Documents, either:
 - (i) the Administrative Agent fails to respond to a request under Clause 12.9 (*FATCA Information*) and the Borrower or a Lender reasonably believes that the Administrative 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 Administrative Agent pursuant to Clause 12.9 (*FATCA Information*) indicates that the Administrative Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
 - (iii) the Administrative Agent notifies the Borrower and the Lenders that the Administrative Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Borrower or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Administrative Agent were a FATCA Exempt Party, and the Borrower or that Lender, by notice to the Administrative Agent, requires it to resign.

32.13 Replacement of the Administrative Agent

- (a) After consultation with the Borrower, the Required Lenders may, by giving 30 days' notice to the Administrative Agent replace the Administrative Agent by appointing a successor Administrative Agent.
- (b) The retiring Administrative Agent shall make available to the successor Administrative Agent such documents and records and provide such assistance as the successor Administrative Agent may reasonably request for the purposes of performing its functions as Administrative Agent under the Finance Documents.
- (c) The appointment of the successor Administrative Agent shall take effect on the date specified in the notice from the Required Lenders to the retiring Administrative Agent. As from this date, the retiring Administrative Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) above) but shall remain entitled to the benefit of Clause 14.3 (*Indemnity to the Administrative Agent and the Security Agent*) and this Clause 32 (and any agency fees for the account of the retiring Administrative Agent shall cease to accrue from (and shall be payable on) that date).

- (d) Any successor Administrative Agent and each of the other Parties shall have the same rights and obligations among themselves as they would have had if such successor had been an original Party.

32.14 Confidentiality

- (a) In acting as agent for the Finance Parties, the Administrative Agent shall be regarded as acting through its department, division or team directly responsible for the management of the Finance Documents which shall be treated as a separate entity from any other of its divisions, departments or teams.
- (b) If information is received by another division or department of the Administrative Agent, it may be treated as confidential to that division or department and the Administrative Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Administrative Agent nor any Mandated Lead 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 regulation or a breach of a fiduciary duty.

32.15 Relationship with the Lenders and Swap Bank

- (a) The Administrative Agent may treat the person shown in its records as Lender or as each Swap Bank at the opening of business (in the place of the Administrative Agent's principal office as notified to the Finance Parties from time to time) as the Lender or (as the case may be) as a Swap Bank acting through its Facility Office:
 - (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 (5) Business Days prior notice from that Lender or (as the case may be) a Swap Bank to the contrary in accordance with the terms of this Agreement.
- (b) Each Lender and each Swap Bank shall supply the Administrative Agent with any information that the Administrative Agent may reasonably specify as being necessary or desirable to enable the Administrative Agent or the Security Agent, to perform its functions as Administrative Agent or Security Agent.
- (c) Each Lender and each Swap Bank shall deal with the Security Agent exclusively through the Administrative Agent and shall not deal directly with the Security Agent.

32.16 Credit appraisal by the Lenders and Swap Banks

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and each Swap Bank confirms to each other Finance Party 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 Obligor;

- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (c) whether any Finance 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 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 Collateral;
- (d) the adequacy, accuracy and/or completeness of any information provided by the Administrative Agent, any Party or by any other person under or in connection with any Transaction 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 Transaction Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of, any part of the Collateral, the priority of the Security Documents or the existence of any Security Interest affecting the Collateral.

32.17 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 Administrative Agent shall (in consultation with the Borrower) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

32.18 Intentionally omitted

32.19 Deduction from amounts payable by the Administrative Agent

If any Party owes an amount to the Administrative Agent under the Finance Documents the Administrative Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Administrative 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.

32.20 Security Agent

- (a) Each other Finance Party appoints the Security Agent to act as its agent and (to the extent permitted under any applicable law) trustee under and in connection with the Security Documents and confirms that the Security Agent shall have a lien on the Security Documents and the proceeds of the enforcement of those Security Documents for all moneys payable to the beneficiaries of those Security Documents.
- (b) Each other Finance Party authorizes the Security Agent:
 - (i) to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions; and
 - (ii) to execute each of the Security Documents and all other documents that may be approved by the Administrative Agent and/or the Required Lenders for execution by it.

- (c) The Security Agent accepts its appointment under paragraph (a) above as trustee of the Trust Property with effect from the date of this Agreement and declares that it holds the Trust Property on trust for itself, the other Finance Parties (for so long as they are Finance Parties) on and subject to the terms set out in this Clause 32.20 (*Security Agent*) through 32.27 (*Indemnity from Trust Property*) (inclusive) and the Security Documents to which it is a party.

32.21 Application of certain clauses to Security Agent

- (a) Clauses 32.7 (*Rights and discretions of the Administrative Agent*), 32.8 (*Responsibility for documentation and other matters*), 32.9 (*No duty to monitor*), 32.10 (*Exclusion of liability*), 32.11 (*Lenders' indemnity to the Administrative Agent*), 32.12 (*Resignation of the Administrative Agent*), 32.13 (*Replacement of the Administrative Agent*), 32.14 (*Confidentiality*), 32.15 (*Relationship with the Lenders and Swap Bank*), 32.16 (*Credit appraisal by the Lenders and Swap Banks*) and 32.19 (*Deduction from amounts payable by the Administrative Agent*) shall each extend so as to apply to the Security Agent in its capacity as such and for that purpose each reference to the "Administrative Agent" in these clauses shall extend in addition a reference to the "Security Agent" in its capacity as such and, in Clause 32.7 (*Rights and discretions of the Administrative Agent*), references to the Lenders and a group of Lenders shall refer to the Administrative Agent.
- (b) In addition, Clause 32.12 (*Resignation of the Administrative Agent*) shall, for the purposes of its application to the Security Agent pursuant to paragraph (a) above, have the following additional clause:

At any time after the appointment of a successor, the retiring Security Agent shall do and execute all acts, deeds and documents reasonably required by its successor to transfer to it (or its nominee, as it may direct) any property, assets and rights previously vested in the retiring Security Agent pursuant to the Security Documents and which shall not have vested in its successor by operation of law. All such acts, deeds and documents shall be done or, as the case may be, executed at the cost of the retiring Security Agent (except where the Security Agent is retiring under Clause 32.12 (*Resignation of the Administrative Agent*) as extended to it by paragraph (a) above, in which case such costs shall be borne by the Lenders (in proportion (if no part of the Loan is then outstanding) to their shares of membership interests of the Total Commitments or (at any other time) to their participations in the Loan).

32.22 Instructions to Security Agent

- (a) The Security Agent shall:
- (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Administrative Agent; and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (a) above.
- (b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Administrative Agent as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Administrative Agent shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

- (d) The Security Agent may refrain from acting in accordance with any instructions of the Administrative Agent until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Security Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
- (f) The Security Agent is not authorized to act on behalf of a Lender or a Swap Bank (without first obtaining that Lender's or the relevant Swap Bank's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Security Documents.

32.23 Order of application

- (a) The Security Agent agrees to apply the Trust Property and each other beneficiary of the Security Documents agrees to apply all moneys received by it in the exercise of its rights under the Security Documents in accordance with the following respective claims:
 - first**, as to a sum equivalent to the amounts payable to the Security Agent under the Finance Documents (excluding any amounts received by the Security Agent pursuant to Clause 32.11 (*Lenders' indemnity to the Administrative Agent*) as extended to the Security Agent pursuant to Clause 32.21 (*Application of certain clauses to Security Agent*)), for the Security Agent absolutely;
 - second**, as to a sum equivalent to the aggregate amount then due and owing to the other Finance Parties under the Finance Documents, for those Finance Parties absolutely for application between them in accordance with Clause 36.5(a) (*Repayment*); and
 - third**, as to the balance (if any), for the Obligors, or to such other Persons legally entitled thereto, by or from whom or from whose assets the relevant amounts were paid, received or recovered or other person entitled to them.
- (b) The Security Agent and each other beneficiary of the Security Documents shall make each application as soon as is practicable after the relevant moneys are received by, or otherwise become available to, it save that (without prejudice to any other provision contained in any of the Security Documents) the Security Agent (acting on the instructions of the Administrative Agent) any other beneficiary of the Security Documents or any receiver or administrator may credit any moneys received by it to a suspense account for so long and in such manner as the Security Agent), any other beneficiary of the Security Documents or such receiver or administrator may from time to time determine with a view to preserving the rights of the Finance Parties or any of them to prove for the whole of their respective claims against the Borrower or any other person liable.
- (c) The Security Agent and/or any other beneficiary of the Security Documents shall obtain a good discharge in respect of the amounts expressed to be due to the other Finance Parties as referred to in this Clause 32.23 by paying such amounts to the Administrative Agent for distribution in accordance with Clause 36 (*Payment mechanics*).

32.24 Powers and duties of the Security Agent as trustee of the security

In its capacity as trustee in relation to the Trust Property, the Security Agent:

- (a) shall, without prejudice to any of the powers, discretions and immunities conferred upon trustees by law (and to the extent not inconsistent with the provisions of this Agreement or any of the Security Documents), have all the same powers and discretions as a natural person acting as the beneficial owner of such property and/or as are conferred upon the Security Agent by this Agreement and/or any Security Document but so that the Security Agent may only exercise such powers and discretions to the extent that it is authorized to do so by the provisions of this Agreement;
- (b) may, in the conduct of its obligations under and in respect of the Security Documents (otherwise than in relation to its right to make any declaration, determination or decision), instead of acting personally, employ and pay any agent (whether being a lawyer or any other person) to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Agent (including the receipt and payment of money) and on the basis that (i) any such agent engaged in any profession or business shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner or employee of his or her in connection with such employment and (ii) the Security Agent shall not be bound to supervise, or be responsible for any loss incurred by reason of any act or omission of, any such agent if the Security Agent shall have exercised reasonable care in the selection of such agent; and
- (c) may place all deeds and other documents relating to the Trust Property which are from time to time deposited with it pursuant to the Security Documents in any safe deposit, safe or receptacle selected by the Security Agent exercising reasonable care or with any company whose business includes undertaking the safe custody of documents selected by the Security Agent exercising reasonable care and may make any such arrangements as it thinks fit for allowing Obligors access to, or its solicitors, attorneys or auditors possession of, such documents when necessary or convenient and the Security Agent shall not be responsible for any loss incurred in connection with any such deposit, access or possession if it has exercised reasonable care in the selection of a safe deposit, safe, receptacle or firm of solicitors or company (save that it shall take reasonable steps to pursue any person who may be liable to it in connection with such loss).

32.25 All enforcement action through the Security Agent

- (a) None of the other Finance Parties shall have any independent power to enforce any of those Security Documents which are executed in favor of the Security Agent only or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to such Security Documents or otherwise have direct recourse to the security and/or guaranties constituted by such Security Documents except through the Security Agent.
- (b) None of the other Finance Parties shall have any independent power to enforce any of those Security Documents which are executed in their favor or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to such Security Documents or otherwise have direct recourse to the security and/or guaranties constituted by such Security Documents except through the Security Agent. If any Finance Party (other than the Security Agent) is a party to any Security Document it shall promptly upon being requested by the Administrative Agent to do so grant a power of attorney or other sufficient authority to the Security Agent to enable the Security Agent to exercise any rights, discretions or powers or to grant any consents or releases under such Security Document.

32.26 Co-operation to achieve agreed priorities of application

The other Finance Parties shall co-operate with each other and with the Security Agent and any receiver or administrator under the Security Documents in realizing the property and assets subject to the Security Documents and in ensuring that the net proceeds realized under the Security

Documents after deduction of the expenses of realization are applied in accordance with Clause 32.23 (*Order of application*).

32.27 Indemnity from Trust Property

- (a) In respect of all liabilities, costs or expenses for which the Obligors are liable under this Agreement, the Finance Parties, K-sure and each Affiliate of the Finance Parties and each officer or employee of the Finance Parties or their Affiliates (each a **Relevant Person**) shall be entitled to be indemnified out of the Trust Property in respect of all liabilities, damages, costs, claims, charges or expenses whatsoever properly incurred or suffered by such Relevant Person:
- (i) in the execution or exercise or bona fide purported execution or exercise of the trusts, rights, powers, authorities, discretions and duties created or conferred by or pursuant to the Finance Documents;
 - (ii) as a result of any breach by an Obligor of any of its obligations under any Finance Document;
 - (iii) in respect of any Environmental Claim made or asserted against a Relevant Person which would not have arisen if the Finance Documents had not been executed; and
 - (iv) in respect of any matter or thing done or omitted in any way in accordance with the terms of the Finance Documents relating to the Trust Property or the provisions of any of the Finance Documents.
- (b) The rights conferred by this Clause 32.27 are without prejudice to any right to indemnity by law given to trustees generally and to any provision of the Finance Documents entitling the Security Agent or any other person to an indemnity in respect of, and/or reimbursement of, any liabilities, costs or expenses incurred or suffered by it in connection with any of the Finance Documents or the performance of any duties under any of the Finance Documents. Nothing contained in this Clause 32.27 shall entitle the Security Agent or any other person to be indemnified in respect of any liabilities, damages, costs, claims, charges or expenses to the extent that the same arise from such person's own gross negligence or willful misconduct.

32.28 Finance Parties to provide information

The other Finance Parties shall provide the Security Agent with such written information as it may reasonably require for the purposes of carrying out its duties and obligations under the Security Documents and, in particular, with such necessary directions in writing so as to enable the Security Agent to make the calculations and applications contemplated by Clause 32.23 (*Order of application*) above and to apply amounts received under, and the proceeds of realization of, the Security Documents as contemplated by the Security Documents, Clause 36.5(a) (*Repayment*) and Clause 32.23 (*Order of application*).

32.29 Release to facilitate enforcement and realization

Each Finance Party acknowledges that pursuant to any enforcement action by the Security Agent carried out on the instructions of the Administrative Agent it may be desirable for the purpose of such enforcement and/or maximizing the realization of the Collateral being enforced against, that any rights or claims of or by the Security Agent (for the benefit of the Finance Parties) and/or any Finance Parties against any Obligor and/or any Security Interest over any assets of any Obligor (in each case) as contained in or created by any Finance Document, other than such rights or claims or security being enforced, be released in order to facilitate such enforcement action and/or realization and, notwithstanding any other provision of the Finance Documents, each Finance Party hereby irrevocably authorizes the Security Agent (acting on the instructions of the Administrative Agent) to

grant any such releases to the extent necessary to fully effect such enforcement action and realization including, without limitation, to the extent necessary for such purposes to execute release documents in the name of and on behalf of the Finance Parties. Where the relevant enforcement is by way of disposal of membership interests in an Upstream Guarantor, the requisite release shall include releases of all claims (including under guaranties) of the Finance Parties and/or the Security Agent against such Upstream Guarantor and of all Security Interests over the assets of such Upstream Guarantor.

32.30 Undertaking to pay

Each Obligor which is a Party undertakes with the Security Agent on behalf of the Finance Parties that it will, on demand by the Security Agent, pay to the Security Agent all money from time to time owing, and discharge all other obligations from time to time incurred, by it under or in connection with the Finance Documents.

32.31 Additional trustees

The Security Agent shall have power by notice in writing to the other Finance Parties and the Obligors to appoint any person approved by the Obligors (such approval not to be unreasonably withheld or delayed) either to act as separate trustee or as co-trustee jointly with the Security Agent:

- (a) if the Security Agent reasonably considers such appointment to be in the best interests of the Finance Parties;
- (b) for the purpose of conforming with any legal requirement, restriction or condition in any jurisdiction in which any particular act is to be performed; or
- (c) for the purpose of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction against any person of a judgment already obtained,

and any person so appointed shall (subject to the provisions of this Agreement) have such rights (including as to reasonable remuneration), powers, duties and obligations as shall be conferred or imposed by the instrument of appointment. The Security Agent shall have power to remove any person so appointed. At the request of the Security Agent, the other parties to this Agreement shall forthwith execute all such documents and do all such things as may be required to perfect such appointment or removal and each such party irrevocably authorizes the Security Agent in its name and on its behalf to do the same. Such a person shall accede to this Agreement as a Security Agent to the extent necessary to carry out their role on terms satisfactory to the Security Agent and (subject always to the provisions of this Agreement) have such trusts, powers, authorities, liabilities and discretions (not exceeding those conferred on the Security Agent by this Agreement and the other Finance Documents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment (being no less onerous than would have applied to the Security Agent but for the appointment). The Security Agent shall not be bound to supervise, or be responsible for any loss incurred by reason of any act or omission of, any such person if the Security Agent shall have exercised reasonable care in the selection of such person.

32.32 Non-recognition of trust

It is agreed by all the parties to this Agreement that:

- (a) in relation to any jurisdiction the courts of which would not recognize or give effect to the trusts expressed to be constituted by this Clause 32, the relationship of the Security Agent and the other Finance Parties shall be construed as one of principal and agent, but to the extent permissible under the laws of such jurisdiction, all the other provisions of this Agreement shall have full force and effect between the parties to this Agreement; and

- (b) the provisions of this Clause 32 insofar as they relate to the Security Agent in its capacity as trustee for the Finance Parties and the relationship between themselves and the Security Agent as their trustee may be amended by agreement between the other Finance Parties and the Security Agent. The Security Agent may amend all documents necessary to effect the alteration of the relationship between the Security Agent and the other Finance Parties and each such other party irrevocably authorizes the Security Agent in its name and on its behalf to execute all documents necessary to effect such amendments.

32.33 The ECA Agent

Each K-sure Lender and each KEXIM Lender appoints and authorizes the ECA Agent to act as its agent under and in connection with this Agreement and the other Finance Documents, in relation to each K-sure Insurance Policy and all K-sure Matters or the KEXIM Guarantee and all KEXIM Matters (as the case may be) with power to take such actions as:

- (a) are specified under any Finance Document as being for the ECA Agent to take on behalf of the K-sure Lenders insured under the K-sure Insurance Policy or on behalf of the KEXIM Lenders under the KEXIM Guarantee (as the case may be);
- (b) are specifically delegated to the ECA Agent by the terms of the K-sure Insurance Policy or the KEXIM Guarantee; or
- (c) are reasonably incidental thereto,

and if expressly authorized in writing by each K-sure Lender or each KEXIM Lender (as the case may be), the ECA Agent may execute and deliver on its behalf the K-sure Insurance Policy or the KEXIM Guarantee (as the case may be) and all documents that are necessary or desirable in connection with such agreement, and where the ECA Agent has acted in accordance with the express written instructions of the K-sure Lenders or the KEXIM Lenders (as the case may be), each K-sure Lender or each KEXIM Lender agrees severally to be bound by the terms and conditions of the K-sure Insurance Policy or the KEXIM Guarantee (as the case may be) as if it had executed and delivered such agreement for and in its own name.

Without limiting the foregoing:

- (i) each K-sure Lender and each KEXIM Lender authorizes the ECA Agent to exercise those rights, powers and discretions which are expressly given to the ECA Agent by this Agreement and the other Finance Documents, together with any other reasonably incidental rights, powers and discretions; and
- (ii) each K-sure Lender appoints the ECA Agent solely for the purpose of:
 - (A) providing, revealing and disclosing, such information and details relating to any Obligor, the Finance Documents and the facilities granted pursuant thereto, to K-sure as K-sure may require from time to time for the purpose of issuing and administering the K-sure Insurance Policies; and
 - (B) making a claim on behalf of the K-sure Lenders under the K-sure Insurance Policies and directing payment of the insurance proceeds under the K-sure Insurance Policies which shall be held by the Security Agent in trust for the K-sure Lenders and for application by the Administrative Agent in accordance with Clause 36 (*Payment Mechanics*) of this Agreement.
- (iii) each KEXIM Lender appoints the ECA Agent solely for the purpose of:

- (A) providing, revealing and disclosing, such information and details relating to any Obligor, the Finance Documents and the facilities granted pursuant thereto, to KEXIM as KEXIM may require from time to time for the purpose of issuing and administering the KEXIM Guarantee; and
- (B) making a claim on behalf of the KEXIM Lenders under the KEXIM Guarantee and directing payment of any moneys pursuant to the KEXIM Guarantee which shall be held by the Security Agent in trust for the KEXIM Lenders and for application by the Administrative Agent in accordance with Clause 36 (*Payment Mechanics*) of this Agreement.

32.34 Ratification of unauthorized action of Administrative Agent

Any action which the Administrative Agent takes or purports to take at a time when it had not been authorized to do so shall, if subsequently ratified, be as valid as regards every Finance Party as if the Administrative Agent had been expressly authorized in advance.

33 ECA Specific Provisions

33.1 No actions without K-sure Lender consent

Except where the ECA Agent reasonably believes that this is inconsistent with the terms of any K-sure Insurance Policy, the ECA Agent agrees:

- (a) not to take any action under the relevant K-sure Insurance Policy without the consent of all the K-sure Lenders (which consent shall not be unreasonably withheld or delayed), unless the ECA Agent has reasonably determined that such action would not be detrimental to the insurance coverage provided to the K-sure Lenders thereunder; and
- (b) to take such actions under the relevant K-sure Insurance Policy (including with respect to any amendment, modification or supplement to that K-sure Insurance Policy) as may be directed by all the K-sure Lenders from time to time; provided that, notwithstanding anything herein or in the relevant K-sure Insurance Policy to the contrary, the ECA Agent shall not be obliged to take any such action or to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or the exercise of any of its rights or powers under this Agreement or the relevant K-sure Insurance Policy if:
 - (i) it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; or
 - (ii) such action would be contrary to applicable law.

33.2 No actions without KEXIM Lender consent

Except where the ECA Agent reasonably believes that this is inconsistent with the terms of the KEXIM Guarantee, the ECA Agent agrees:

- (a) not to take any action under the KEXIM Guarantee without the consent of all the KEXIM Lenders (which consent shall not be unreasonably withheld or delayed); and
- (b) to take such actions under the KEXIM Guarantee (including with respect to any amendment, modification or supplement to the KEXIM Guarantee) as may be directed by all the KEXIM Lenders from time to time; provided that, notwithstanding anything herein or in the KEXIM Guarantee to the contrary, the ECA Agent shall not be obliged to take any such action or to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or the exercise of any of its rights or powers under this Agreement or the KEXIM Guarantee if:
 - (i) it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; or
 - (ii) such action would be contrary to applicable law.

33.3 Limitation on obligation of ECA Agent to request instructions

The ECA Agent shall not have any obligation to request the Administrative Agent or the Required Lenders or any other Finance Party to give it any instructions or to make any determination.

33.4 **Ratification of unauthorized action of ECA Agent**

Any action which the ECA Agent takes or purports to take at a time when it had not been authorized to do so shall, if subsequently ratified, be as valid as regards every Finance Party as if the ECA Agent had been expressly authorized in advance.

33.5 **Cooperation with the ECA Agent**

- (a) Each Lender and each Obligor undertakes to cooperate with the ECA Agent to comply with any legal requirements imposed on the ECA Agent in connection with the performance of its duties under this Agreement or any other Finance Document and shall supply any information reasonably requested by the ECA Agent in connection with the proper performance of those duties.
- (b) The ECA Agent undertakes to provide timely notice to KEXIM and K-sure with respect to any matters that require consent from the Required Lenders.

33.6 **Nature of the ECA Agent's duties**

The ECA Agent's duties under the Finance Documents are limited to coordinating and communicating with the ECAs. The ECA Agent is not tasked with responsibilities relating to payment, collection or receipt of funds.

33.7 **K-sure Lenders' representations**

Each K-sure Lender represents and warrants to the ECA Agent, with effect from the date of the relevant K-sure Insurance Policy, that:

- (a) no information provided by such K-sure Lender in writing to the ECA Agent or to K-sure prior to the Closing Date was untrue or incorrect in any material respect except to the extent that such K-sure Lender, in the exercise of reasonable care and due diligence prior to giving such information, could not have discovered the error or omission;
- (b) it has not taken (or failed to take), and agrees that it shall not take (or fail to take), any action that would result in the ECA Agent being in breach of any of its obligations in its capacity as ECA Agent under the relevant K-sure Insurance Policy or the other Finance Documents, or result in the relevant K-sure Lenders being in breach of any of their respective obligations as insured parties under the relevant K-sure Insurance Policy, or which would otherwise prejudice the ECA Agent's ability to make a claim on behalf of the K-sure Lenders under the relevant K-sure Insurance Policy;
- (c) it has reviewed the relevant K-sure Insurance Policy and is aware of the provisions thereof;
- (d) the representations and warranties made by the ECA Agent on behalf of each K-sure Lender under the relevant K-sure Insurance Policy are true and correct with respect to such K-sure Lender in all respects.

33.8 **KEXIM Lenders' representations**

Each KEXIM Lender represents and warrants to the ECA Agent, with effect from the date of the KEXIM Guarantee, that:

- (a) no information provided by such KEXIM Lender in writing to the ECA Agent or to KEXIM prior to the Closing Date was untrue or incorrect in any material respect except to the extent that

such KEXIM Lender, in the exercise of reasonable care and due diligence prior to giving such information, could not have discovered the error or omission;

- (b) it has not taken (or failed to take), and agrees that it shall not take (or fail to take), any action that would result in the ECA Agent being in breach of any of its obligations in its capacity as ECA Agent under the KEXIM Guarantee or the other Finance Documents, or result in the relevant KEXIM Lenders being in breach of any of their respective obligations as insured parties under the KEXIM Guarantee, or which would otherwise prejudice the ECA Agent's ability to make a claim on behalf of the KEXIM Lenders under the relevant KEXIM Guarantee;
- (c) it has reviewed the KEXIM Guarantee and is aware of the provisions thereof; and
- (d) the representations and warranties made by the ECA Agent on behalf of each KEXIM Lender under the KEXIM Guarantee are true and correct with respect to such KEXIM Lender in all respects.

33.9 Provision of information

- (a) The ECA Agent shall provide to K-sure any information which it receives from any Obligor or the Administrative Agent pursuant to the Finance Documents and which it is obliged to provide to K-sure under the terms of the relevant K-sure Insurance Policy.
- (b) The ECA Agent shall provide to KEXIM any information which it receives from any Obligor or the Administrative Agent pursuant to the Finance Documents and which it is obliged to provide to KEXIM under the terms of the KEXIM Guarantee.

33.10 Lender communications

- (a) Each K-sure Lender shall promptly forward to the ECA Agent a copy of any communication relating to K-sure Matters which that K-sure Lender sends to, or receives from, any Obligor or K-sure directly.
- (b) Each KEXIM Lender shall promptly forward to the ECA Agent a copy of any communication relating to KEXIM Matters which that KEXIM Lender sends to, or receives from, any Obligor or KEXIM directly.

33.11 Reimbursement of K-sure Premium and KEXIM Premium

- (a) Notwithstanding the provisions of Clause 33.13 (*Application of receipts*), each K-sure Lender severally agrees to reimburse the ECA Agent on its demand in respect of the K-sure Premium (or any part of it) if the K-sure Premium (or any part of it) is paid by the ECA Agent and the ECA Agent is not fully reimbursed in accordance with the terms of this Agreement.
- (b) Notwithstanding the provisions of Clause 33.13 (*Application of receipts*), each KEXIM Lender severally agrees to reimburse the ECA Agent on its demand in respect of the KEXIM Premium (or any part of it) if the KEXIM Premium (or any part of it) is paid by the ECA Agent and the ECA Agent is not fully reimbursed in accordance with the terms of this Agreement.

33.12 Claims under K-sure Insurance Policies and KEXIM Guarantee

- (a) Each K-sure Lender acknowledges and agrees that, unless otherwise provided for in the relevant K-sure Insurance Policy, it shall have no entitlement to make any claim or to take any action whatsoever under or in connection with any of the K-sure Insurance Policies except through the ECA Agent and that all of the rights of the K-sure Lenders under any of the K-sure Insurance Policies shall only be exercised by the ECA Agent.

- (b) Each KEXIM Lender acknowledges and agrees that, unless otherwise provided for in the KEXIM Guarantee, it shall have no entitlement to make any claim or to take any action whatsoever under or in connection with the KEXIM Guarantee except through the ECA Agent and that all of the rights of the KEXIM Lenders under the KEXIM Guarantee shall only be exercised by the ECA Agent.

33.13 Application of receipts

- (a) Except as expressly stated to the contrary in any Finance Document, any moneys which the ECA Agent receives or recovers shall be transferred to the Administrative Agent for application in accordance with Clause 36 (*Payment Mechanics*) of this Agreement.
- (b) The parties agree that any unpaid K-sure Premium and any unpaid fees, costs and expenses of K-sure shall constitute amounts then due and payable in respect of the Loan under the Finance Documents for the purposes of the amounts then due and payable in respect of Clause 36 (*Payment Mechanics*) of this Agreement.
- (c) The parties agree that any unpaid KEXIM Premium and any unpaid fees, costs and expenses of KEXIM shall constitute amounts then due and payable in respect of the Loan under the Finance Documents for the purposes of the amounts then due and payable in respect of Clause 36 (*Payment Mechanics*) of this Agreement.

33.14 Assignment to K-sure

Each of the parties agrees that, upon payment in full or in part by K-sure of all moneys due under a K-sure Insurance Policy in accordance with the terms of any K-sure Insurance Policy, provided that, to the extent required under the relevant K-sure Insurance Policy, this payment has satisfied all obligations under the Finance Documents in full or in part in respect of the relevant Advance under the K-sure Tranche to which such K-sure Insurance Policy relates:

- (a) each of the K-sure Lenders shall assign to K-sure such part of their respective contributions in respect of that K-sure Tranche and (to the extent that there remain any) of their respective contributions in respect of that K-sure Tranche as is equal to the amount simultaneously paid to it by K-sure under the relevant K-sure Insurance Policy by means of a Substitution Certificate or such other evidence of assignment as may be reasonably required by K-sure, provided that this shall not be construed as depriving any K-sure Lender of its rights to recover any part of the Total Commitments, the Loan or otherwise of the Unpaid Sum still owing to it after receipt of the relevant K-sure Insurance Policy insurance proceeds;
- (b) K-sure shall, upon being validly assigned rights under the Finance Documents pursuant to Clause 30.1 (*Assignment by the Lenders*), be an assignee and as such shall be entitled to the rights and benefits of the K-sure Lenders under this Agreement and the other Finance Documents in respect of such payment to the extent of its interest;
- (c) without prejudice to the indemnity provisions in Clause 14 (*Other Indemnities*), the Borrower and/or any Obligor shall indemnify K-sure in respect of any actual, reasonable costs or expenses (including legal fees) suffered or incurred by K-sure in connection with the assignment referred to in this Clause 33.14 or in connection with any review by K-sure of any Event of Default or dispute between the Borrower and/or any Obligor and the Finance Parties occurring prior to the assignment referred to in this Clause 33.14;
- (d) with respect to the obligations of the Borrower and the Security Parties owed to the Administrative Agent and/or the K-sure Lenders under the Finance Documents, such obligations shall additionally be owed to K-sure by way of subrogation of the rights of the K-sure Lenders;

- (e) the Borrower agrees to cooperate with the Administrative Agent, the ECA Agent and the Lenders, as the case may be, in giving effect to any subrogation or assignment referred to in this Clause 33.14 and to take all actions requested by the Administrative Agent, any K-sure Lender, the ECA Agent or K-sure, in each case to the extent capable of being done by it, to implement or give effect to such subrogation or assignment;
- (f) on the date of any subrogation to, or (as applicable) assignment of any rights referred to in this Clause 33.14:
 - (i) all further rights and benefits (including the right to receive commission in respect thereof but not any duty or other obligations) whatsoever of the relevant K-sure Lender in relation to the portion of the Loan or the rights and benefits to which such assignment or rights of subrogation relate under or arising out of this Agreement shall, to the extent of such assignment or rights of subrogation, be vested in and be for the benefit of K-sure; and
 - (ii) references in this Agreement to the K-sure Lenders shall, where relevant in the context thereafter be construed so as to include K-sure in relation to such rights and benefits as are assigned to, or to which K-sure has rights of subrogation; and
- (g) the representations and warranties made in this Agreement in favor of the relevant K-sure Lender shall survive any assignment or transfer pursuant to this Clause 33.14 and shall also inure to the benefit of K-sure;

provided that nothing in this Clause 33.14 shall be construed as depriving the K-sure Lenders of any rights they may have against the Borrower or any other Obligor in respect of the Lenders' rights under Clauses 14 (*Other indemnities*) and 13 (*Increased costs*).

33.15 Subrogation to KEXIM

- (a) Notwithstanding any other provision of this Agreement and, in addition to, and without prejudice to, any right of indemnification or subrogation KEXIM (in its capacity as guarantor under the KEXIM Guarantee) may have at law, in equity or otherwise, each of the Parties agrees that KEXIM (in such capacity) will be subrogated to the rights of the KEXIM Lenders under the KEXIM Guaranteed Tranche to the extent of any payment made by KEXIM (in such capacity) under the KEXIM Guarantee (each such payment being a **KEXIM Guarantee Payment**) and the KEXIM Lenders shall provide all assistance required by KEXIM (in such capacity) to enforce its rights under the Finance Documents following such subrogation.
- (b) Furthermore, the Borrower consents to any assignment by the KEXIM Lenders of any or all of its rights under the Finance Documents in respect of the KEXIM Guaranteed Tranche to KEXIM (in its capacity as guarantor under the KEXIM Guarantee) as may be required by the provisions of the KEXIM Guarantee.

The Borrower agrees to cooperate with KEXIM (in its capacity as guarantor under the KEXIM Guarantee) and the KEXIM Lenders, as the case may be, in giving effect to any subrogation or assignment referred to in this Clause 33.15, and to take all actions reasonably requested by KEXIM (in such capacity) or any such Lender, in each case, to implement or give effect to such subrogation or assignment.

33.16 Reimbursement to KEXIM

- (a) Without prejudice to Clause 33.15 (*Subrogation to KEXIM*), the Obligors shall, within five (5) Business Days of demand by KEXIM, reimburse KEXIM for any KEXIM Guarantee Payment made by KEXIM from time to time and pay to KEXIM in accordance with the terms of this Agreement in an amount equal to any KEXIM Guarantee Payment plus interest calculated in

accordance with clause 8.3 (*Default Interest*) (from and including the date of demand until and including the date of actual payment) upon demand by KEXIM from time to time.

- (b) For the avoidance of doubt, Clause 13 (*Increased Costs*) will apply in respect of any reimbursement made pursuant to this Clause 33.16.

33.17 Obligations to KEXIM Unconditional

The obligations of the Borrower to reimburse KEXIM and to pay the amount of interest required pursuant to Clause 33.16 (*Reimbursement to KEXIM*) are irrevocable and unconditional without regard to any circumstance whatsoever and shall not require any notice to the Borrower or any other Person.

33.18 Satisfaction of Obligations to KEXIM

The Parties acknowledge and agree that the KEXIM Guarantee Payments that are reimbursed by the Borrower to KEXIM pursuant to Clause 33.16 (*Reimbursement to KEXIM*) shall satisfy the obligation of the Borrower to make payments to the KEXIM Lenders under this Agreement of the corresponding amounts of principal and interest in respect of which the KEXIM Guarantee Payments were paid to the KEXIM Lenders by KEXIM.

33.19 Voting Rights of KEXIM

As between KEXIM, the Administrative Agent, the ECA Agent and the KEXIM Lenders, KEXIM shall be entitled to exercise all of the voting rights held by the KEXIM Lenders under the Finance Documents with effect from any relevant Demand Date proportionately with respect to the principal amount of KEXIM Guaranteed Loans claimed under the relevant demand for payment under the KEXIM Guarantee or, if greater, the principal amount actually paid by KEXIM under the KEXIM Guarantee.

33.20 Cooperation with K-sure; Events of Default

- (a) Each of the ECA Agent, the Administrative Agent and the Security Agent shall provide to K-sure any information which it receives from the Borrower and any other Obligor pursuant to the Finance Documents.
- (b) Each of the ECA Agent, the Administrative Agent and the Security Agent agrees that it shall consult with K-sure wherever reasonably practical prior to issuing a notice pursuant to Clause 28 (*Events of Default*), provided that K-sure's consent shall not be required in order for any such notice of default to be issued (other than by K-sure to the extent required under any K-sure Insurance Policy).
- (c) Notwithstanding anything to the contrary in any Finance Document:
 - (i) if an Event of Default has occurred and is continuing, the Administrative Agent shall put to the vote of the Required Lenders and K-sure the question of whether the provisions of the Finance Documents as to the consequences of the occurrence of such Event of Default should apply and/or whether the remedies afforded under Clause 28 (*Events of Default*) of this Agreement should be invoked. Should the Required Lenders and K-sure vote be in favor of any of actions described in the preceding sentence, the Administrative Agent and the Security Agent shall be entitled to take the necessary steps to enforce the Finance Documents and the Lenders shall agree and execute and otherwise perfect and do all such acts and things necessary for such purpose;
 - (ii) in the event the Required Lenders' and K-sure's respective positions are inconsistent, the Administrative Agent shall discuss with the ECA Agent with a view to reaching a

mutually agreeable position. Failing agreement between the Administrative Agent (acting on behalf of the Required Lenders) and the ECA Agent (acting on behalf of K-sure), the Administrative Agent and the Security Agent shall be entitled to act in accordance with the instructions of the Required Lenders, including in relation to any waiver of an Event of Default and enforcement of remedies related thereto, provided that this does not result in any K-sure Insurance Policy being lost, cancelled, unenforceable or invalid.

33.21 Cooperation with KEXIM; Events of Default

- (a) Each of the ECA Agent, the Administrative Agent and the Security Agent shall provide to KEXIM any information which it receives from the Borrower and any other Obligor pursuant to the Finance Documents with respect to the KEXIM Guaranteed Tranche.
- (b) Each of the ECA Agent, the Administrative Agent and the Security Agent agrees that it shall consult with KEXIM wherever reasonably practical prior to issuing a notice pursuant to Clause 28 (*Events of Default*), provided that KEXIM's consent shall not be required in order for any such notice of default to be issued.
- (c) Notwithstanding anything to the contrary in any Finance Document:
 - (i) if an Event of Default has occurred and is continuing, the Administrative Agent shall put to the vote of the Required Lenders and KEXIM the question of whether the provisions of the Finance Documents as to the consequences of the occurrence of such Event of Default should apply and/or whether the remedies afforded under Clause 28 (*Events of Default*) of this Agreement should be invoked. Should the Required Lenders and KEXIM vote be in favor of any of actions described in the preceding sentence, the Administrative Agent and the Security Agent shall be entitled to take the necessary steps to enforce the Finance Documents and the Lenders shall agree and execute and otherwise perfect and do all such acts and things necessary for such purpose;
 - (ii) in the event the Required Lenders' and KEXIM's respective positions are inconsistent with respect to the KEXIM Guaranteed Tranche, the Administrative Agent shall discuss with the ECA Agent with a view to reaching a mutually agreeable position. Failing agreement between the Administrative Agent (acting on behalf of the Required Lenders) and the ECA Agent (acting on behalf KEXIM), the Administrative Agent and the Security Agent shall be entitled to act in accordance with the instructions of the Required Lenders, including in relation to any waiver of an Event of Default and enforcement of remedies related thereto, provided that this does not result in the KEXIM Guarantee being lost, cancelled, unenforceable or invalid.

33.22 K-sure override

Notwithstanding anything to the contrary in this Agreement or any other Finance Document, nothing in this Agreement shall permit or oblige any K-sure Lender to act (or omit to act) in a manner that is inconsistent with any requirement of K-sure under or in connection with any K-sure Insurance Policy and, in particular:

- (a) each of the K-sure Lenders shall be authorized to take all such actions as they may deem necessary to ensure that all requirements of K-sure under or in connection with each of the K-sure Insurance Policies are complied with;
- (b) no K-sure Lender shall be obliged to do anything if, in its opinion (upon consultation with the ECA Agent), to do so could result in a breach of any requirements of K-sure under or in connection with a K-sure Insurance Policy or affect the validity of a K-sure Insurance Policy; and

- (c) each of the K-sure Lenders will agree to accept the instructions as advised to them by the ECA Agent or K-sure and to act in conformity therewith in connection with their obligations under this Agreement.

33.23 KEXIM Override

- (a) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall oblige any Finance Party to act (or omit to act) in a manner that is inconsistent with any requirement of KEXIM under or in connection with the KEXIM Guarantee and, in particular:
 - (i) the Parties agree that the ECA Agent shall be authorised to take all such actions as it may deem necessary to ensure that all requirements of KEXIM under or in connection with the KEXIM Guarantee are complied with; and
 - (ii) the ECA Agent shall not be obliged to do anything that, in its opinion, could result in a breach of any requirements of KEXIM under or in connection with the KEXIM Guarantee or affect the validity of the KEXIM Guarantee.
- (b) Nothing in this Clause 33.23 (*KEXIM Override*) shall affect the obligations of the Borrower under this Agreement.

33.24 Liability for K-sure Premiums and KEXIM Premium

- (a) The Borrower shall be responsible and shall bear the cost of the K-sure Premium of each K-sure Insurance Policy and shall pay the relevant K-sure Premium for each Advance on the Utilization Date relating to that Advance.
- (b) The Borrower shall be responsible and shall bear the cost of the KEXIM Premium of the KEXIM Guarantee and shall pay the KEXIM Premium for each Advance on the Utilization Date relating to that Advance.

33.25 K-sure Insurance Policies and KEXIM Guarantee

- (a) The Borrower will not, without the ECA Agent's prior written consent, do or omit to do anything which may to its knowledge adversely prejudice the K-sure Lenders' rights under any K-sure Insurance Policy.
- (b) The ECA Agent and the K-sure Lenders are responsible for complying with the terms of each K-sure Insurance Policy from which each K-sure Lender benefits.
- (c) The Borrower will not, without the ECA Agent's prior written consent, do or omit to do anything which may to its knowledge adversely prejudice the KEXIM Lenders' rights under the KEXIM Guarantee.
- (d) The ECA Agent and the KEXIM Lenders are responsible for complying with the terms of the KEXIM Guarantee from which each KEXIM Lender benefits.

33.26 K-sure Requirements

The Borrower must execute all such other documents and instruments and do all such other acts and things as the ECA Agent, acting on the instructions of K-sure and/or any Finance Party may reasonably require:

- (a) in order to comply with, and carry out the transactions contemplated by, the Finance Documents and any documents required to be delivered under the Finance Documents; and

- (b) in order for the beneficiaries under each K-sure Insurance Policy to comply with and continue to benefit from that K-sure Insurance Policy or to maintain the effectiveness of that K-sure Insurance Policy.

33.27 KEXIM Requirements

The Borrower must execute all such other documents and instruments and do all such other acts and things as the ECA Agent, acting on the instructions of KEXIM and/or any Finance Party may reasonably require:

- (a) in order to comply with, and carry out the transactions contemplated by, the Finance Documents and any documents required to be delivered under the Finance Documents; and
- (b) in order for the beneficiaries under the KEXIM Guarantee to comply with and continue to benefit from the KEXIM Guarantee or to maintain the effectiveness of the KEXIM Guarantee.

33.28 Protection of each of the K-sure Insurance Policies

If at any time in the reasonable opinion of the ECA Agent, any provision of a Finance Document contradicts or conflicts (as such conflict relates to the K-sure Tranche) with any provision of a K-sure Insurance Policy or K-sure requires any further action to be taken or documents to be entered into for such K-sure Insurance Policy to remain in full force and effect, the Borrower shall use commercially reasonable efforts to take such action as the ECA Agent or K-sure shall reasonably require to remove any contradiction or conflict and to ensure such K-sure Insurance Policy remains in full force and effect. In addition, the Borrower shall comply with any instructions given by K-sure to the ECA Agent in relation to such K-sure Insurance Policy and the transactions contemplated in such K-sure Insurance Policy provided that such instructions are in compliance with that K-sure Insurance Policy.

33.29 Protection of the KEXIM Guarantee

If at any time in the reasonable opinion of the ECA Agent, any provision of a Finance Document contradicts or conflicts (as such conflict relates to the KEXIM Guaranteed Tranche) with any provision of the KEXIM Guarantee or KEXIM requires any further action to be taken or documents to be entered into for the KEXIM Guarantee to remain in full force and effect, the Borrower shall use commercially reasonable efforts to take such action as the ECA Agent or KEXIM shall reasonably require to remove any contradiction or conflict and to ensure the KEXIM Guarantee remains in full force and effect. In addition, the Borrower shall comply with any instructions given by KEXIM to the ECA Agent in relation to the KEXIM Guarantee and the transactions contemplated in the KEXIM Guarantee provided that such instructions are in compliance with the KEXIM Guarantee.

33.30 Notification to K-sure

- (a) The Borrower will deliver a notice to each of the Administrative Agent and the ECA Agent promptly after it becomes aware of the occurrence of any political or commercial risk covered by a K-sure Insurance Policy and will:
 - (i) pay any additional premium payable to K-sure in relation to the relevant K-sure Insurance Policy; and
 - (ii) cooperate with the ECA Agent on its reasonable request to take all steps necessary on the part of the Borrower to ensure that the relevant K-sure Insurance Policy remains in full force and effect throughout the Facility Period which shall include providing the ECA Agent with any information, reasonably requested by the ECA Agent, relating to any material commercial facts which could result in a Material Adverse Change.

- (b) In addition, the Borrower shall promptly supply to the ECA Agent copies of all financial or other information reasonably required by the ECA Agent to satisfy any request for information made by K-sure pursuant to a K-sure Insurance Policy.
- (c) The Borrower agrees that it shall be reasonable for the ECA Agent to make a request under this Clause 33 if it is required to do so as a condition of maintaining a K-sure Insurance Policy in full force and effect.

33.31 Prior consultation with K-sure

The Borrower acknowledges that the ECA Agent may, under the terms of each K-sure Insurance Policy be required:

- (a) to consult with K-sure, prior to the exercise of certain decisions under the Finance Documents to which that Borrower is a party (including the exercise of such voting rights in relation to any substantial amendment to any Finance Document); and
- (b) to follow certain instructions given by K-sure.

Each K-sure Lender will be deemed to have acted reasonably if it has acted on the instructions of the ECA Agent (given by K-sure to the ECA Agent in accordance with the terms of a K-sure Insurance Policy) in the making of any such decision or the taking or refraining to take any action under any Finance Document to which it is a party.

33.32 Prior consultation with KEXIM

The Borrower acknowledges that the ECA Agent may, under the terms of the KEXIM Guarantee, be required:

- (a) to consult with KEXIM, prior to the exercise of certain decisions under the Finance Documents to which that Borrower is a party (including the exercise of such voting rights in relation to any substantial amendment to any Finance Document); and
- (b) to follow certain instructions given by KEXIM.

Each KEXIM Lender will be deemed to have acted reasonably if it has acted on the instructions of the ECA Agent (given by KEXIM to the ECA Agent in accordance with the terms of the KEXIM Guarantee) in the making of any such decision or the taking or refraining to take any action under any Finance Document to which it is a party.

33.33 Demand under K-sure Insurance Policies

Notwithstanding any other terms as set forth herein and the other Finance Documents, the ECA Agent shall make a written demand to K-sure under a K-sure Insurance Policy only after the Administrative Agent has first made a written demand for payment of the relevant amount of the Unpaid Sum to the Guarantors under the relevant Guaranties.

33.34 Replacement of the ECA Agent

- (a) After consultation with the Borrower, any of the KEXIM Lenders or K-sure Lenders may, with the prior consent of all the KEXIM Lenders and K-sure Lenders (other than any KEXIM Lender or K-sure Lender which is also the ECA Agent), KEXIM and K-sure and by giving 30 days' notice to the ECA Agent, replace the ECA Agent by appointing a successor ECA Agent.

- (b) The retiring ECA Agent shall make available to the successor ECA Agent such documents and records and provide such assistance as the successor ECA Agent may reasonably request for the purposes of performing its functions as ECA Agent under the Finance Documents.
- (c) The appointment of the successor ECA Agent shall take effect on the date specified in the notice from the Required Lenders to the retiring ECA Agent. As from this date, the retiring ECA Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) above) and any agency fees for the account of the retiring ECA Agent shall cease to accrue from (and shall be payable on) that date.
- (d) Any successor ECA Agent and each of the other Parties shall have the same rights and obligations among themselves as they would have had if such successor had been an original Party.

34 Conduct of business by the Finance Parties

34.1 Finance Parties tax affairs

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.

34.2 Finance Parties acting together

- (a) Notwithstanding Clauses 2.3(a) and 2.3(b) (*Finance Parties' rights and obligations*), if the Administrative Agent makes a declaration under Clause 28.26 (*Acceleration*) the Administrative Agent shall, in the names of all the Finance Parties, take such action on behalf of the Finance Parties and conduct such negotiations with the Obligors and generally administer the Facility in accordance with the wishes of the Required Lenders. All the Finance Parties shall be bound by the provisions of this clause and no Finance Party shall be entitled to take action independently against any Obligor or any of its assets without the prior consent of the Required Lenders.
- (b) Paragraph (a) above shall not override Clause 32 (*Roles of Administrative Agent, Security Agent, Mandated Lead Arrangers and ECA Agent*) as it applies to the Security Agent.

34.3 Required Lenders

- (a) Where any Finance Document provides for any matter to be determined by reference to the opinion of, or to be subject to the consent, approval or request of, the Required Lenders or for any action to be taken on the instructions of the Required Lenders (**a majority decision**), such majority decision shall (as between the Lenders) only be regarded as having been validly given or issued by the Required Lenders if all the Lenders shall have received prior notice of the matter on which such majority decision is required and the relevant majority of Lenders shall have given or issued such majority decision. However (as between any Obligor and the Finance Parties) the relevant Obligor shall be entitled (and bound) to assume that

such notice shall have been duly received by each Lender and that the relevant majority shall have been obtained to constitute Required Lenders when notified to this effect by the Administrative Agent whether or not this is the case.

- (b) If, within twenty Business Days of the Administrative Agent dispatching to each Lender a notice requesting instructions (or confirmation of instructions) from the Lenders or the agreement of the Lenders to any amendment, modification, waiver, variation or excuse of performance for the purposes of, or in relation to, any of the Finance Documents, the Administrative Agent has not received a reply specifically giving or confirming or refusing to give or confirm the relevant instructions or, as the case may be, approving or refusing to approve the proposed amendment, modification, waiver, variation or excuse of performance, then (until such Lender responds otherwise at a later date) the Administrative Agent shall treat any Lender which has not so responded as having indicated a desire not to be bound by such proposed amendment, modification, waiver, variation or excuse of performance.
- (c) For the purposes of paragraph (b) above, any Lender which notifies the Administrative Agent of a wish or intention to abstain on any particular issue shall be treated as if it had not responded.
- (d) Paragraphs (b) and (c) above shall not apply in relation to those matters referred to in, or the subject of, Clause 35.5 (*Exceptions*).

34.4 Conflicts

- (a) The Borrower acknowledges that the Administrative Agent, the Security Agent, the Mandated Lead Arrangers or any Lender and its Affiliates (together the **Lender Group**) may be providing debt finance, equity capital or other services (including financial advisory services) to other persons with which the Borrower may have conflicting interests in respect of the Facility or otherwise.
- (b) No member of a Lender Group shall use confidential information gained from any Obligor by virtue of the Facility or its relationships with any Obligor in connection with their performance of services for other persons. This shall not, however, affect any obligations that any member of a Lender Group has as Administrative Agent in respect of the Finance Documents. The Borrower also acknowledges that no member of a Lender Group has any obligation to use or furnish to any Obligor information obtained from other persons for their benefit.

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 under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three (3) Business Days, notify details of the receipt or recovery, to the Administrative Agent;
- (b) the Administrative 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 Administrative Agent and distributed in accordance with Clause 36 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Administrative Agent in relation to the receipt, recovery or distribution; and

- (c) the Recovering Finance Party shall, within three (3) Business Days of demand by the Administrative Agent, pay to the Administrative Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Administrative 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(a) (*Repayment*).

35.2 **Redistribution of payments**

The Administrative Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the **Sharing Finance Parties**) in accordance with Clause 36.5(a) (*Repayment*) towards the obligations of that Obligor to the Sharing Finance Parties.

35.3 **Recovering Finance Party's rights**

On a distribution by the Administrative 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 to the Recovering Finance Party but shall be treated as paid by that Obligor to the Administrative Agent.

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 Administrative Agent, pay to the Administrative 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 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;
 - (ii) the taking legal or arbitration proceedings was in accordance with the terms of this Agreement; and
 - (iii) 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.

35.6 Transaction and Loan Services

Each Obligor undertakes to provide a completed Loan Administration Form which, *inter alia*, shall provide the Lender with a list of authorized persons (**Authorized Persons**) who, on behalf of such Obligor, may make information requests or communicate generally with the Lender in relation to the ongoing administration of the Facility by the Lender throughout the life of the financing. The Authorized Persons shall also be the point of first contact with such Obligor for the Lender in relation to the administration of the Facility. The list of Authorized Persons may only be amended or varied by an Authorized Person or an Officer, Member or Manager, of such Obligor.

35.7 Application of insurance proceeds under K-sure Insurance Policies

Notwithstanding the foregoing provisions of this Clause 35:

- (a) if any K-sure Lender receives any insurance proceeds under a K-sure Insurance Policy other than from the Administrative Agent or the ECA Agent, it shall pay such moneys to the Administrative Agent;
- (b) notwithstanding the provisions of Clause 36.5 (*Repayment*), any insurance proceeds received by any K-sure Lender under a K-sure Insurance Policy other than from the Administrative Agent shall be applied by the Administrative Agent only in accordance with the provisions of paragraphs (a) and (b) of Clause 36.5 (*Repayment*) as the case may be, in favor of the K-sure Lenders, and, for the avoidance of doubt, no such insurance proceeds shall in any circumstances be available to the Borrower or any other Obligor; and
- (c) any unpaid K-sure Premium and any unpaid fees, costs and expenses of K-sure shall constitute amounts then due and payable in respect of the K-sure Tranche under the Finance Documents (and any of them) for the purposes of the amounts then due and payable in respect of paragraphs (a) and (b) of Clause 36.5 (*Repayment*) as the case may be.

35.8 Application of moneys under the KEXIM Guarantee

Notwithstanding the foregoing provisions of this Clause 35:

- (a) if any KEXIM Lender receives any moneys under the KEXIM Guarantee other than from the Administrative Agent or the ECA Agent, it shall pay such moneys to the Administrative Agent;
- (b) notwithstanding the provisions of Clause 36.5 (*Repayment*), any moneys received by any KEXIM Lender under the KEXIM Guarantee other than from the Administrative Agent shall be applied by the Administrative Agent only in accordance with the provisions of paragraphs (a) and (b) of Clause 36.5 (*Repayment*) as the case may be, in favor of the KEXIM Lenders, and, for the avoidance of doubt, no such moneys shall in any circumstances be available to the Borrower or any other Obligor; and
- (c) any unpaid KEXIM Premium and any unpaid fees, costs and expenses of KEXIM shall constitute amounts then due and payable in respect of the KEXIM Guaranteed Tranche under the Finance Documents (and any of them) for the purposes of the amounts then due and payable in respect of paragraphs (a) and (b) of Clause 36.5 (*Repayment*) as the case may be.

SECTION 10 - ADMINISTRATION

36 Payment mechanics

36.1 Payments to the Administrative Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document (other than a Hedging Contract), that Obligor or Lender shall make the same available to the Administrative 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 Administrative 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 and with such bank as the Administrative Agent specifies.

36.2 Distributions by the Administrative Agent

Each payment received by the Administrative Agent under the Finance Documents for another Party shall, subject to Clause 36.3 (*Distributions to an Obligor*) and Clause 36.4 (*Clawback and pre-funding*) be made available by the Administrative 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 Administrative Agent by not less than five (5) Business Days' notice with a bank specified by that Party.

36.3 Distributions to an Obligor

The Administrative Agent may (with the consent of the relevant Obligor or in accordance with Clause 36.10 (*Set-off*)) 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 and pre-funding

- (a) Where a sum is to be paid to the Administrative Agent under the Finance Documents for another Party, the Administrative 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) Unless paragraph (c) below applies, if the Administrative Agent pays an amount to another Party and it proves to be the case that the Administrative 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 Administrative Agent shall on demand refund the same to the Administrative Agent together with interest on that amount from the date of payment to the date of receipt by the Administrative Agent, calculated by the Administrative Agent to reflect its cost of funds.
- (c) If the Administrative Agent has notified the Lenders that it is willing to make available amounts for the account of a Borrower before receiving funds from the Lenders then if and to the extent that the Administrative Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to a Borrower:
 - (i) the Administrative Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Administrative Agent; and

- (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower, shall on demand pay to the Administrative Agent the amount (as certified by the Administrative Agent) which will indemnify the Administrative Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

36.5 Repayment

- (a) If the Administrative Agent receives a payment for application against amounts due under the Finance Documents (including any proceeds from the enforcement of security under the Security Documents), the Administrative Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid amount owing to the Administrative Agent, the Security Trustee, the Mandated Lead Arrangers or the ECA Agent under the Finance Documents;
 - (ii) **second**, in or towards payment to the Lenders pro rata of any amount owing to the Lenders under Clause 32.11 (*Lenders' indemnity to the Administrative Agent*) including any amount owing to the Lenders under Clause 32.11 (*Lenders' indemnity to the Administrative Agent*) as a result of such clause being extended to the Security Trustee by Clause 32.21 (*Application of certain clauses to Security Agent*);
 - (iii) **third**, in or towards the payment to the Lenders pro rata of any accrued interest, fee or commission due to them but unpaid under the Finance Documents;
 - (iv) **fourth**, in or towards payment to the Lenders pro rata of any principal which is due but unpaid under the Finance Documents;
 - (v) **fifth**, in or towards payment to the Lenders pro rata of any other sum due but unpaid under the Finance Documents,
 - (vi) **sixth**, in or towards the payment to the Swap Banks pro rata of any accrued interest, fee or commission due to them but unpaid under the Hedging Contracts;
 - (vii) **seventh**, in or towards payment to the Swap Banks pro rata of any other sum due but unpaid under the Hedging Contracts
 - (viii) **eighth**, in or towards satisfaction of the hedging exposure of each hedge counterparty (calculated as at the actual Early Termination Date (as defined in the relevant Master Agreement) applying to each particular Hedging Contract), or if no such Early Termination Date shall have occurred, calculated as if an Early Termination Date occurred on the date of application or distribution hereunder); and
 - (ix) **ninth**, as to the balance (if any), for the Obligors by or from whom or from whose assets the relevant amounts were paid, received or recovered or other person entitled to them.
- (b) The Administrative Agent shall, if so directed by all the Lenders, vary the order set out in paragraphs (ii) to (v) of paragraph (a).
- (c) Paragraph (a) above will override any appropriation made by an Obligor.

36.6 No set-off by Obligor

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.

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 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 Clauses 36.8(b) and 36.8(c) (*Currency of account*), dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of all or part of the Loan or an Unpaid Sum and each payment of interest shall be made in dollars on its due date.
- (c) Each payment in respect of the amount of any costs, expenses or Taxes or other losses shall be made in dollars and, if they were incurred in a currency other than dollars, the amount payable under the Finance Documents shall be the equivalent in dollars of the relevant amount in such other currency on the date on which it was incurred.
- (d) All moneys received or held by the Security Agent under a Security Document in a currency other than dollars may be sold for dollars and the Obligor which executed that Security Document shall indemnify the Security Agent against the full cost in relation to the sale. The Security Agent will not have any liability to that Obligor in respect of any loss resulting from any fluctuation in exchange rates after the sale.

36.9 Disruption to payment systems etc.

If either the Administrative Agent determines (in its discretion) that a Payment Disruption Event has occurred or the Administrative Agent is notified by the Borrower that a Payment Disruption Event has occurred:

- (a) the Administrative Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the Administrative Agent may deem necessary in the circumstances;
- (b) the Administrative Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in Clause 36.9(a) (*Disruption to payment systems etc.*) 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) any such changes agreed upon by the Administrative Agent and the Borrower shall (whether or not it is finally determined that a Payment 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; and

- (d) the Administrative 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 Administrative Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 36.9.

36.10 Set-off

Upon notice, 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.

37 Notices

37.1 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 letter, fax, email or any electronic communication approved by the Administrative Agent and the Borrower. However, a notice given in accordance with this Clause 37, but not received on a Business Day or within business hours in the place of receipt, will only be deemed to be given on the next Business Day.

37.2 Addresses

The address, email address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Obligor and each Finance Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of each Obligor, that identified with its name in Schedule 1 (*The original parties*);
- (b) in the case of any Finance Party which is a Party, that identified with its name in Schedule 1 (*The original parties*); and
- (c) in the case of any Finance Party which is not a Party, that identified in any Finance Document to which it is a party;

or, in each case, any substitute address, email address, fax number, or department or officer as an Obligor or Finance Party may notify to the Administrative Agent (or the Administrative Agent may notify to the other Parties, if a change is made by the Administrative Agent) by not less than five (5) Business Days' notice.

37.3 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 when received in legible form:
 - (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 (5) 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 37.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Administrative Agent or the Security Agent (as the case may be) will be effective only when actually received by the Administrative Agent or the Security Agent (as the case may be) and then only if it is expressly marked for the attention of the department or officer identified with the Administrative Agent's or the respective Security Trustee's (as the case may be) signature below (or any substitute department or officer as the Administrative Agent or the Security Agent shall specify for this purpose).
- (c) Any communication or document made or delivered to the Borrower in accordance with this clause will be deemed to have been made or delivered to each of the other Obligor.
- (d) All notices from or to an Obligor shall be sent through the Administrative Agent or the Security Agent (as the case may be).

37.4 Notification of address and fax number

Promptly upon receipt of notification of an address, email address and fax number or change of address, email address or fax number pursuant to Clause 37.2 (*Addresses*) or changing its own address, email address or fax number, the Administrative Agent shall notify the other Parties.

37.5 Electronic communication

- (a) Any communication to be made between the Administrative Agent or the Security Agent (as the case may be) and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Administrative Agent or the Security Agent (as the case may be) and the relevant Lender agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if the relevant 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.
- (b) Any electronic communication made between the Administrative Agent, the Security Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Administrative Agent or the Security Agent (as the case may be) only if it is addressed in such a manner as the Administrative Agent shall specify for this purpose.

37.6 English language

All documents (including notices) provided under or in connection with any Finance Document shall be:

- (a) in English; or
- (b) if not in English, and if so required by the Administrative Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

38 Calculations and certificates

38.1 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.

38.2 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.

38.3 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 Interbank Market differs, in accordance with that market practice.

39 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 nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

40 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in the Finance Documents are cumulative and not exclusive of any rights or remedies provided by law.

41 Amendments and Waivers

41.1 Required consents

- (a) Subject to Clause 41.2 (*All Lender matters*) and Clause 41.3 (*Other exceptions*), any term of the Finance Documents may be amended or waived with the consent of the Administrative Agent (acting on the instructions of the Required Lenders) and, if it affects the rights and obligations of the Administrative Agent or the Security Agent, the consent of the Administrative Agent or the Security Agent and any such amendment or waiver agreed or given by the Administrative Agent will be binding on all the Finance Parties.
- (b) The Administrative Agent may (or, in the case of the Security Documents, instruct the Security Agent to) effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 41.
- (c) Without prejudice to the generality of Clause 32.7 (*Rights and discretions of the Administrative Agent*), the Administrative Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.

- (d) Each Obligor agrees to any such amendment or waiver permitted by this Clause 41 which is agreed to by the Borrower.

41.2 All Lender matters

An amendment, waiver or discharge or release or a consent of, or in relation to, the terms of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of " Required Lenders" in Clause 1.1 (*Definitions*);
- (b) the definition of "Last Availability Date" in Clause 1.1 (*Definitions*);
- (c) an extension to the date of payment of any amount under the Finance Documents;
- (d) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable or the rate at which they are calculated;
- (e) an increase in, or an extension of, any Commitment or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders ratably under the Facility;
- (f) a change to the Borrower or any other Obligor;
- (g) any provision which expressly requires the consent or approval of all the Lenders;
- (h) Clause 2.3 (*Finance Parties' rights and obligations*), Clause 35.1 (*Payments to Finance Parties*) or this Clause 41;
- (i) the order of distribution under Clause 36.5 (*Repayment*);
- (j) the order of distribution under Clause 32.23 (*Order of application*);
- (k) the currency in which any amount is payable under any Finance Document;
- (l) an increase in any Commitment or the Total Commitments, an extension of any period within which the Facility is available for Utilization or any requirement that a cancellation of Commitments reduces the Commitments ratably;
- (m) the nature or scope of the Collateral or the manner in which the proceeds of enforcement of the Security Documents are distributed; or
- (n) the circumstances in which the security constituted by the Security Documents are permitted or required to be released under any of the Finance Documents;

shall not be made, or given, without the prior consent of all the Lenders and K-sure.

41.3 Other exceptions

- (a) Amendments to or waivers in respect of the Hedging Contracts may only be agreed by the relevant Swap Bank.
- (b) An amendment or waiver which relates to the rights or obligations of the Administrative Agent or the Security Agent in their respective capacities as such (and not just as a Lender) may not be effected without the consent of the Administrative Agent or the Security Agent (as the case may be).

- (c) Notwithstanding Clauses 41.2 (*All Lender matters*) and 41.3 (*Other exceptions*), the Administrative Agent may make technical amendments to the Finance Documents arising out of manifest errors on the face of the Finance Documents, where such amendments would not prejudice or otherwise be adverse to the interests of any Finance Party without any reference or consent of the Finance Parties.

41.4 Releases

Other than as provided in Clause 41.5 (*Release of an Upstream Guarantor and of Upstream Guarantors' right of contribution*), except with the approval of all of the Lenders or for a release which is expressly permitted or required by the Finance Documents, the Administrative Agent shall not have authority to authorize the Security Agent to release:

- (a) any Collateral from the security constituted by any Security Document; or
- (b) any Obligor from any of its guaranty or other obligations under any Finance Document.

41.5 Release of an Upstream Guarantor and of Upstream Guarantors' right of contribution

Upon the sale of its Ship in accordance with the terms of this Agreement, the Upstream Guarantor owning the Ship sold shall be released as a guarantor hereunder and in respect of its obligations under the other Finance Documents to which it is a party. **Provided that** no Event of Default has occurred and is continuing, or would result therefrom, and that no payment is then due from that Upstream Guarantor under any of the Finance Documents to which it is a party, upon the written approval of the Administrative Agent (acting with the consent of the Required Lenders, such consent not to be unreasonably withheld), such Upstream Guarantor shall be deemed a retiring guarantor (in such capacity, a **Retiring Upstream Guarantor**) and shall cease to be an Upstream Guarantor hereunder and released from its obligations hereunder and under the other Finance Documents, and on the date such Retiring Upstream Guarantor ceases to be an Upstream Guarantor:

- (a) that Retiring Upstream Guarantor is released by each other Upstream Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Upstream Guarantor arising by reason of the performance by any other Upstream Guarantor of its obligations under the Finance Documents; and
- (b) each other Upstream Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Upstream Guarantor.

41.6 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any undrawn Commitment, in ascertaining:
 - (i) the Required Lenders; or
 - (ii) whether:
 - (A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments under the Facility; or
 - (B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents,

that Defaulting Lender's Commitment will be reduced by the amount of its undrawn Commitment and, to the extent that the reduction results in that Defaulting Lender's Commitment being zero and it has no participation in the Loan, that Defaulting Lender shall be deemed not to be a Lender for the purposes paragraphs 41.5(a)(i) and 41.5(a)(ii) (*Disenfranchisement of Defaulting Lenders*) above.

- (b) For the purposes of Clause 41.6(a) (*Disenfranchisement of Defaulting Lenders*), the Administrative Agent may assume that the following Lenders are Defaulting Lenders:
 - (i) any Lender which has notified the Administrative Agent that it has become a Defaulting Lender; and
 - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of Defaulting Lender has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Administrative Agent) or the Administrative Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

41.7 Excluded Commitments

If any Defaulting Lender fails to respond to a request for a consent, waiver, amendment or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within three (3) Business Days of that request being made (unless the Borrower and the Administrative Agent agree to a longer time period in relation to any request):

- (a) its Commitment or its participation in the Loan shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments or the amount of the Loan has been obtained to approve that request; and
- (b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

41.8 Replacement of a Defaulting Lender

- (a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving two (2) Business Days' prior written notice to the Administrative Agent and such Lender replace such Lender by requiring such Lender to (and to the extent permitted by law such Lender shall) assign pursuant to Clause 30 (*Changes to the Lenders*) all (and not part only) of its rights under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a **Replacement Lender**) selected by the Borrower, which is acceptable to the Administrative Agent with the consent of the Required Lenders (other than the Lender the Borrower desire to replace), and which confirms its willingness to undertake and does undertake all the obligations or all the relevant obligations of the transferring Lender in accordance with Clause 30 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer which is either:
 - (i) in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents; or

- (ii) in an amount agreed between that Defaulting Lender, the Replacement Lender and the Borrower and which does not exceed the amount described in paragraph (i) above.
- (b) Any assignment by a Defaulting Lender pursuant to this clause shall be subject to the following conditions:
 - (i) the Borrower shall have no right to replace the Administrative Agent, Security Agent or the ECA Agent;
 - (ii) neither the Administrative Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a Replacement Lender;
 - (iii) the assignment must take place no later than three (3) Business Days after the notice referred to in Clause 41.8(a) (*Replacement of a Defaulting Lender*) above;
 - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents;
 - (v) any requirements under the relevant K-sure Insurance Policy; and
 - (vi) the Defaulting Lender shall only be obliged to assign its rights pursuant to Clause 41.8(a) (*Replacement of a Defaulting Lender*) above once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that assignment to the Replacement Lender.
- (c) The Defaulting Lender shall perform the checks described in Clause 41.8(b)(v) (*Replacement of a Defaulting Lender*) above as soon as reasonably practicable following delivery of a notice referred to in Clause 41.8(a) (*Replacement of a Defaulting Lender*) and shall notify the Administrative Agent and the Borrower when it is satisfied that it has complied with those checks.

41.9 K-sure

Each party to this Agreement agrees that:

- (a) K-sure shall not have any obligations or liabilities under this Agreement;
- (b) K-sure shall be a third party beneficiary of the terms of this Agreement and the rights expressed to be for its benefit or exercisable by it under this Agreement; and

this Agreement may not be amended to affect, limit, modify or eliminate any rights of K-sure without its prior written consent.

42 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 11 - GOVERNING LAW AND ENFORCEMENT

43 Governing law

The laws of the State of New York shall govern all matters arising out of, in connection with or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance and enforcement.

44 Enforcement

44.1 Submission to jurisdiction; waivers

Any legal action or proceeding with respect to any Finance Document shall be brought exclusively in the courts of the State of New York located in the City of New York, Borough of Manhattan, or of the United States of America for the Southern District of New York and, by execution and delivery of this Agreement, each of the Obligors executing this Agreement hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts; provided that nothing in this Agreement shall limit the right of the Finance Parties to commence any proceeding in the federal or state courts of any other jurisdiction to the extent a Finance Party determines that such action is necessary or appropriate to exercise its rights or remedies under the Finance Documents. The parties hereto (and, to the extent set forth in any other Finance Document, each other Obligor) hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions.

44.2 Service of process

Each Obligor hereby irrevocably waives personal service of any and all legal process, summons, notices and other documents and other service of process of any kind and consents to such service in any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Finance Document by the mailing thereof (by registered or certified mail, postage prepaid) to the address of the relevant Obligor specified in Schedule 1 (*The original parties*) (and shall be effective when such mailing shall be effective, as provided therein), or by any means permitted by applicable law. Each Obligor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

44.3 Non-exclusive jurisdiction

Nothing contained in this Clause 44.3 shall affect the right of any Finance Party to serve process in any other manner permitted by applicable law or commence legal proceedings or otherwise proceed against any Obligor in any other jurisdiction.

44.4 WAIVER OF JURY TRIAL

THE PARTIES HERETO, TO THE EXTENT PERMITTED BY LAW, WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF, IN CONNECTION WITH OR RELATING TO, THIS AGREEMENT, THE OTHER FINANCE DOCUMENTS AND ANY OTHER TRANSACTION CONTEMPLATED HEREBY AND THEREBY. THIS WAIVER APPLIES TO ANY ACTION, SUIT OR PROCEEDING WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE. EACH OBLIGOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT, THE SECURITY AGENT AND THE

LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER FINANCE DOCUMENT.

45 Patriot Act

Each Lender hereby notifies the Obligors that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56) (the **Patriot Act**), it is required to obtain, verify and record information that identifies the Obligors, which information includes the name and address of the Obligors and other information that will allow such Lender to identify the Obligors in accordance with the Patriot Act.

46 Pledge to Federal Reserve Banks

Any Lender may at any time pledge all or any portion of its rights under the Finance Documents including any portion of the Loan to any of the twelve (12) Federal Reserve Banks organized under section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release such Lender from its obligations under any of the Finance Documents.

Schedule 1
The original parties

Part A

The Borrower

Name:	Dorian LPG Finance LLC
Jurisdiction of formation	Marshall Islands
Registration number (or equivalent, if any)	963243
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices	c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902

Part B

The Upstream Guarantors

Name:	Comet LPG Transport LLC
Jurisdiction of formation	Marshall Islands
Registration number (or equivalent, if any)	962663
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices	c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902

Name:	Corvette LPG Transport LLC
Jurisdiction of formation	Marshall Islands
Registration number (or equivalent, if any)	962466
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices	c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902

Name:	Dorian Shanghai LPG Transport LLC
Jurisdiction of formation	Marshall Islands
Registration number (or equivalent, if any)	962640
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices	c/o Dorian LPG (USA) LLC 27 Signal Road Stamford, CT 06902

Name:	Dorian Houston LPG Transport LLC
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Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962641
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Sao Paulo LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962649
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Concorde LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962864
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Constellation LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962863
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Ulsan LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962664
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Amsterdam LPG Transport LLC

Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962642
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Monaco LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962645
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Barcelona LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962643
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Tokyo LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962648
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Dubai LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962646
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Geneva LPG Transport LLC

Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962647
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Cape Town LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962650
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Commander LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962865
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Explorer LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962682
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Name: Dorian Exporter LPG Transport LLC
Jurisdiction of formation Marshall Islands
Registration number (or equivalent, if any) 962683
Registered office Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices c/o Dorian LPG (USA) LLC
27 Signal Road
Stamford, CT 06902

Part C

The Facility Guarantor

Name:	Dorian LPG Ltd.
Jurisdiction of formation	Marshall Islands
Registration number (or equivalent, if any)	62405
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960
Address for service of process and notices	Dorian LPG Ltd. Attention: Mr. Ted Young, CFO 27 Signal Road Stamford, CT 06902

Part D

The Bookrunners

Name:	ABN AMRO Capital USA LLC
Facility Office, address, fax number and attention details for notices	17th Floor, 100 Park Ave NY 10017, New York, USA Attention: Ryan Masajo / Wudasse Zaudou Telephone: +1 917 284 6975/6915 Fax: +1 917 284 6683 Email: AABUS_NY_AGENCY@ABNAMRO.COM

Name:	Citibank N.A., London Branch
Facility Office, address, fax number and attention details for notices	Citibank International Limited Poland Branch on behalf of Citibank NA London Loans Operations Department 7/9 Traugutta str., 1st Floor, 00-985 Warsaw Poland Group Email Address – cibuk.loans@citi.com Fax – 0044 207 655 2380 <u>Credit Contact</u> Meghan O'Connor Vice President meghan.oconnor@citi.com +1 (212) 816-8557 <u>Operations Contact</u> Kara Catt kara.catt@citi.com +44 20 7986 4824 Romina Coates romina.coates@citi.com +44 20 7986 5017 <u>Documentation Contact</u> Frithiof Wilhelmsen Vice President

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Fax: +30 210 455 7420

Attention: Tanker Group

Email: nikolas.chontzopoulos@dvbbank.com
christos.xygkakis@dvbbank.com

Copy to: DVB Bank SE (London Office)
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Fax: +44 207 256 4352

Attention: TM London

Email: tm.london@dvbbank.com

Part E

The Mandated Lead Arrangers

Name: ABN AMRO Capital USA LLC
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NY 10017, New York, USA
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Name: Citibank N.A., London Branch
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on behalf of Citibank NA London
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**Name:
Facility Office, address, fax number and
attention details for notices**

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Platz der Republik 6, 60325 Frankfurt am Main, Germany
c/o DVB Bank SE (Representative Office Greece)
3 Moraitini Street & Palea Leof. Posidonos
Delta Paleo Faliro
175 61 Athens
Greece

Fax: +30 210 455 7420

Attention: Tanker Group

Email: nikolas.chontzopoulos@dvbbank.com
christos.xygkakis@dvbbank.com

Copy to: DVB Bank SE (London Office)
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Fax: +44 207 256 4352

Attention: TM London

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**Name:
Facility Office, address, fax number and
attention details for notices**

Deutsche Bank AG, Hong Kong Branch
Facility Office (and for credit matters)

Address: Structured Trade and Export Finance
Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
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Attention: Edward Hui (STEF Hong Kong)
For Operational Matters:
Address: Loan Operations
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Attention: Anson Chan and Felix Shum
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The Export-Import Bank of Korea
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Part F

The Commercial Lenders

Name: ABN AMRO Capital USA LLC

Facility Office, address, fax number and attention details for notices
17th Floor, 100 Park Ave
NY 10017, New York, USA
Attention: Ryan Masajo / Wudasse Zaudou
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Fax: +1 917 284 6683
Email: AABUS_NY_AGENCY@ABNAMRO.COM

Name:
Facility Office, address, fax number and attention details for notices
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Citibank International Limited Poland Branch
on behalf of Citibank NA London
Loans Operations Department
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Attention: Tanker Group

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Part G

The KEXIM Lenders

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Name: Citibank N.A., London Branch
Facility Office, address, fax number and attention details for notices Citibank International Limited Poland Branch
on behalf of Citibank NA London
Loans Operations Department
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**Name:
Facility Office, address, fax number and
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DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
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Part H

KEXIM

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Part I

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bdelamata@santander.us
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Part J

The Swap Banks

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for notices

Federal Republic of Germany
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Telephone No.: +49 69 97 504 247

Part K**The Administrative Agent**

Name: ABN AMRO Capital USA LLC
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Part L**The Security Agent**

Name: ABN AMRO Capital USA LLC
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Part M**The Global Coordinator**

Name: ABN AMRO Capital USA LLC
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Part N**The ECA Agent**

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on behalf of Citibank NA London
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Part O

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Schedule 2
Ship information

Ship 1

Vessel Name	COMET
Owner/Upstream Guarantor:	Comet LPG Transport LLC
Shipyard	Hyundai Heavy Industries Co., Ltd., Ulsan, Korea
Hull Number	2656
Date and Description of Shipbuilding Contract:	Shipbuilding Contract, dated April 29, 2013, made between SEACOR LPG I LLC, as buyer ("Original Buyer") and Hyundai Heavy Industries Co., Ltd., as builder ("Builder"), as novated by a Novation Agreement dated July 25, 2014 made by and between Original Buyer, Builder, and Comet LPG Transport LLC, as new Buyer
Delivery Date	July 25, 2014
Delivered Price:	\$73,310,000
Age Adjusted Delivered Price:	\$69,775,411
Flag State:	Bahamas
Port of Registry:	Nassau
Official Number:	7000664
Classification:	+A1 (E)
Classification Society:	American Bureau of Shipping
Major Casualty Amount:	\$1,000,000

Ship 2

Vessel Name	CORVETTE
Owner/Upstream Guarantor:	Corvette LPG Transport LLC
Shipyard	Hyundai Heavy Industries Co., Ltd., Ulsan, Korea
Hull Number	2658
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated July 12, 2013, as amended by an Addendum No. 1, made between Corvette LPG Transport LLC, as buyer, and Hyundai Heavy Industries Co., Ltd., as builder
Delivery Date	January 2, 2015
Delivered Price:	\$77,090,000
Age Adjusted Delivered Price:	\$75,835,758
Flag State:	Bahamas
Port of Registry:	Nassau
Official Number:	7000668

Classification: +A1 (E)
Classification Society: American Bureau of Shipping
Major Casualty Amount: \$1,000,000

Ship 3

Vessel Name COUGAR
Owner/Upstream Guarantor: Dorian Shanghai LPG Transport LLC
Shipyard Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number S749
Date and Description of Shipbuilding Contract: Shipbuilding Contract dated July 22, 2013, as amended and supplemented by the Amendment Agreement No. 1 dated September 3, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder") and STI Shanghai Shipping Company Limited, as buyer ("Original Buyer"), and as further novated by a Novation Agreement dated November 20, 2013 made by and between Builder, Original Buyer, and Dorian Shanghai LPG Transport LLC, as new buyer
Scheduled Delivery Date April 2015
Delivered Price: \$75,420,000 plus Contingent Extras
Major Casualty Amount: \$1,000,000

Ship 4

Vessel Name COBRA
Owner/Upstream Guarantor: Dorian Houston LPG Transport LLC
Shipyard Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number S750
Date and Description of Shipbuilding Contract: Shipbuilding Contract dated July 22, 2013, as amended and supplemented by the Amendment Agreement No. 1 dated September 3, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder"), and STI Houston Shipping Company Limited, as buyer ("Original Buyer"), and as further novated by a Novation Agreement dated November 20, 2013 made by and between Builder, Original Buyer, and Dorian Houston LPG Transport LLC, as new buyer.
Scheduled Delivery Date April 2015
Delivered Price: \$75,420,000 plus Contingent Extras
Major Casualty Amount: \$1,000,000

Ship 5

Vessel Name	CONTINENTAL
Owner/Upstream Guarantor:	Dorian Sao Paulo LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S753
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated October 18, 2013, as amended and supplemented by the Addendum No. 1 dated October 18, 2013 and the Amendment Agreement No. 1 dated October 31, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder"), and STI Sao Paulo Shipping Company Limited, as buyer ("Original Buyer"), and as further novated by a Novation Agreement dated November 20, 2013 made by and between Builder, Original Buyer, and Dorian Sao Paulo LPG Transport LLC, as new buyer
Scheduled Delivery Date	June 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 6

Vessel Name	CONCORDE
Owner/Upstream Guarantor:	Concorde LPG Transport LLC
Shipyard	Hyundai Heavy Industries Co., Ltd., Ulsan, Korea
Hull Number	2660
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated February 21, 2014, as amended by an Addendum No. 1, made between Concorde LPG Transport LLC, as buyer, and Hyundai Heavy Industries Co., Ltd., as builder
Scheduled Delivery Date	June 2015
Delivered Price:	\$77,360,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 7

Vessel Name	CONSTELLATION
Owner/Upstream Guarantor:	Constellation LPG Transport LLC
Shipyard	Hyundai Heavy Industries Co., Ltd., Ulsan, Korea
Hull Number	2661
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated February 21, 2014, as amended by an Addendum No. 1, made between Constellation LPG Transport LLC, as buyer, and Hyundai Heavy Industries Co., Ltd., as builder
Scheduled Delivery Date	September 2015
Delivered Price:	\$73,400,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 8

Vessel Name	CONSTITUTION
Owner/Upstream Guarantor:	Dorian Ulsan LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S755
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated July 25, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder") and STI Ulsan Shipping Company Limited, as buyer ("Original Buyer"), as novated by a Novation Agreement dated November 20, 2013, made by and between Builder, Original Buyer, and Dorian Ulsan LPG Transport LLC, as new buyer
Scheduled Delivery Date	June 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 9

Vessel Name	COMMODORE
Owner/Upstream Guarantor:	Dorian Amsterdam LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S751
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated July 22, 2013, as amended and supplemented by the Amendment Agreement No. 1 dated September 3, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder"), and STI Amsterdam Shipping Company Limited, as buyer ("Original Buyer"), and as further novated by a Novation Agreement dated November 20, 2013 made by and between Builder, Original Buyer, and Dorian Amsterdam LPG Transport LLC, as new buyer
Scheduled Delivery Date	July 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 10

Vessel Name	CHEYENNE
Owner/Upstream Guarantor:	Dorian Monaco LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S756
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated July 25, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder") and STI Monaco Shipping Company Limited, as buyer ("Original Buyer"), as novated by a Novation Agreement dated November 20, 2013, made by and between Builder, Original Buyer, and Dorian Monaco LPG Transport LLC, as new buyer
Scheduled Delivery Date	October 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 11

Vessel Name	CLERMONT
Owner/Upstream Guarantor:	Dorian Barcelona LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S752
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated July 22, 2013, as amended and supplemented by the Amendment Agreement No. 1 dated September 3, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder"), and STI Barcelona Shipping Company Limited, as buyer ("Original Buyer"), and as further novated by a Novation Agreement dated November 20, 2013 made by and between Builder, Original Buyer, and Dorian Barcelona LPG Transport LLC, as new buyer
Scheduled Delivery Date	October 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 12

Vessel Name	COPERNICUS
Owner/Upstream Guarantor:	Dorian Tokyo LPG Transport LLC
Shipyard	Daewoo Shipbuilding & Marine Engineering Co., Ltd., Okpo, Korea
Hull Number	2338
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated August 1, 2013, made between Daewoo Shipbuilding & Marine Engineering Co., Ltd., as builder ("Builder") and STI Tokyo Shipping Company Limited, as buyer ("Original Buyer"), as novated by a Shipbuilding Contract Novation Agreement dated December 18, 2013, made by and between Builder, Original Buyer, and Dorian Tokyo LPG Transport LLC, as new buyer
Scheduled Delivery Date	November 2015
Delivered Price:	\$77,460,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 13

Vessel Name	CRESQUES
Owner/Upstream Guarantor:	Dorian Dubai LPG Transport LLC
Shipyard	Daewoo Shipbuilding & Marine Engineering Co., Ltd., Okpo, Korea
Hull Number	2336
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated August 1, 2013, made between Daewoo Shipbuilding & Marine Engineering Co., Ltd., as builder ("Builder") and STI Dubai Shipping Company Limited, as buyer ("Original Buyer"), as novated by a Shipbuilding Contract Novation Agreement dated December 18, 2013, made by and between Builder, Original Buyer, and Dorian Dubai LPG Transport LLC, as new buyer
Scheduled Delivery Date	August 2015
Delivered Price:	\$77,460,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 14

Vessel Name	CRATIS
Owner/Upstream Guarantor:	Dorian Geneva LPG Transport LLC
Shipyard	Daewoo Shipbuilding & Marine Engineering Co., Ltd., Okpo, Korea
Hull Number	2337
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated August 1, 2013, made between Daewoo Shipbuilding & Marine Engineering Co., Ltd., as builder ("Builder") and STI Geneva Shipping Company Limited, as buyer ("Original Buyer"), as novated by a Shipbuilding Contract Novation Agreement dated December 18, 2013, made by and between Builder, Original Buyer, and Dorian Geneva LPG Transport LLC, as new buyer
Scheduled Delivery Date	October 2015
Delivered Price:	\$77,460,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 15

Vessel Name	CHAPARRAL
Owner/Upstream Guarantor:	Dorian Cape Town LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S754
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated October 18, 2013, as amended and supplemented by the Addendum No. 1 dated October 18, 2013 and the Amendment Agreement No. 1 dated October 31, 2013, made between Hyundai Samho Heavy Industries Co., Ltd., as builder ("Builder"), and STI Cape Town Shipping Company Limited, as buyer ("Original Buyer"), as further novated by a Novation Agreement dated November 20, 2013 made by and between Builder, Original Buyer, and Dorian Cape Town LPG Transport LLC, as new buyer
Scheduled Delivery Date	November 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 16

Vessel Name	COMMANDER
Owner/Upstream Guarantor:	Commander LPG Transport LLC
Shipyard	Hyundai Heavy Industries Co., Ltd., Ulsan, Korea
Hull Number	2662
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated February 21, 2014, as amended by an Addendum No. 1, made between Commander LPG Transport LLC, as buyer, and Hyundai Heavy Industries Co., Ltd., as builder
Scheduled Delivery Date	December 2015
Delivered Price:	\$73,400,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 17

Vessel Name	CHALLENGER
Owner/Upstream Guarantor:	Dorian Explorer LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S757
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated November 20, 2013, as amended by an Addendum No. 1, made between Dorian Explorer LPG Transport LLC, as buyer, and Hyundai Samho Heavy Industries Co., Ltd., as builder
Scheduled Delivery Date	December 2015
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Ship 18

Vessel Name	CARAVEL
Owner/Upstream Guarantor:	Dorian Exporter LPG Transport LLC
Shipyard	Hyundai Samho Heavy Industries Co., Ltd., Samho, Korea
Hull Number	S758
Date and Description of Shipbuilding Contract:	Shipbuilding Contract dated November 20, 2013, as amended by an Addendum No. 1, made between Dorian Exporter LPG Transport LLC, as buyer, and Hyundai Samho Heavy Industries Co., Ltd., as builder
Scheduled Delivery Date	January 2016
Delivered Price:	\$75,440,000 plus Contingent Extras
Major Casualty Amount:	\$1,000,000

Schedule 3
Conditions precedent

Part 1
Conditions precedent to Closing Date

1. Original Obligor's corporate documents

- (a) A copy of the Constitutional Documents of each Original Obligor.
- (b) A copy of a resolution of the board of directors and/or managers, members or managing members, as applicable, of each Original Obligor (or any committee of such board empowered to approve and authorize the following matters):
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents and any Charter Documents (to the extent that they are in place) (the "**Relevant Documents**" and each a "**Relevant Document**") to which it is a party and resolving that it execute the Relevant Documents;
 - (ii) authorizing a specified person or persons to execute the Relevant Documents on its behalf; and
 - (iii) authorizing a specified person or persons, on its behalf, to sign and/or dispatch all documents and notices (including, if relevant, any Utilization Request) to be signed and/or dispatched by it under or in connection with the Relevant Documents to which it is a party.
- (c) If applicable, a copy of a resolution of the board of directors and/or managers, managing members or members, as applicable, of the relevant company, establishing any committee referred to in paragraph (b) above and conferring authority on that committee.
- (d) A specimen of the signature of each person authorized by the resolution referred to in paragraph (b) above, who will sign any Relevant Document, and a copy of each such person's passport or other government identification.
- (e) A copy of a resolution signed by all the holders of the issued shares and/or membership interests in each Upstream Guarantor and the Borrower, approving the terms of, and the transactions contemplated by, the Relevant Documents to which such Upstream Guarantor and the Borrower is a party (if required).
- (f) A certificate of each Original Obligor (signed by an officer, member or manager as applicable) confirming that borrowing or guaranteeing or securing, as appropriate, the Commitment would not cause any borrowing, guaranteeing or similar limit binding on any Original Obligor to be exceeded.
- (g) A certified copy of any power of attorney under which any person is to execute any of the Relevant Documents on behalf of any Original Obligor.
- (h) A certificate of an authorized signatory of the relevant Original Obligor certifying that each copy document relating to it specified in this Part of this Schedule is correct, complete and in full force and effect as at a date no earlier than the Closing Date and that any such resolutions or power of attorney have not been revoked.

- (i) A certificate of good standing with respect to each Original Obligor, issued in the 30 days prior to the Closing Date.

2. Legal opinions

- (a) A legal opinion of counsel to the Obligors addressed to the Finance Parties and K-sure on matters of New York law, substantially in the form approved by all the Lenders prior to signing this Agreement and subject to the Required Lenders' instructions.
- (b) A legal opinion of counsel to the Obligors addressed to the Finance Parties and K-sure in each jurisdiction in which an Obligor is incorporated or formed, substantially in the form approved by all the Lenders prior to signing this Agreement and subject to the Required Lenders' instructions.
- (c) Any and all other legal opinions that may be required by the Lenders, subject to the Required Lenders' instructions.

3. Other documents and evidence

- (a) A copy of any other authorization or other document, opinion or assurance which the Administrative Agent considers to be reasonably necessary (if it has notified the Borrower accordingly) and subject to the Required Lenders' instructions in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- (b) The Original Financial Statements.
- (c) Evidence that the fees, commissions, costs and expenses then due from the Obligors pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and expenses*) have been paid or will be paid by the Utilization Date.
- (d) A list identifying all litigation, arbitration or administrative, regulatory or criminal proceedings or investigations (if any) of, or before, any court, arbitral body or agency which have, to the best of any Obligor's knowledge and belief having made due and careful inquiries, been started against the Facility Guarantor.

4. Subordination

Evidence that any indebtedness of the Borrower incurred pursuant to any shareholder or member loan(s) has been subordinated in all respects to the Borrower's obligations under the Finance Documents, in the form set out in Schedule 6 (*Form of Subordination Letter*).

5. "Know your customer" information

Such documentation and information as the Administrative Agent may reasonably request to comply with "know your customer" or similar identification procedures, anti-corruption rules and regulations and anti-money laundering rules and regulations, including the Patriot Act, under all laws and regulations applicable to the Finance Parties.

6. Executed Documents

- (a) This Agreement.
- (b) A Guaranty from each Guarantor.

- (c) Evidence that any Account required to be established under Clause 25 (*Bank accounts*) has been opened and established, that any Account Security in respect of each such Account has been executed and delivered by the relevant Account Holder in favor of the Security Agent and that any notice required to be given to an Account Bank under that Account Security has been given to it and acknowledged by it in the manner required by that Account Security and that an amount has been credited to it.
- (d) The Share Security, together with all letters, transfers, certificates and other documents required to be delivered under the Share Security.
- (e) Copies of the Shipbuilding Contracts.

Part 2
Conditions precedent to each Utilization Date

1. Corporate documents

- (a) A certificate of an authorized signatory of the Borrower certifying that each copy document relating to it specified in Part 1 of this Schedule remains correct, complete and in full force and effect as at a date no earlier than a date approved for this purpose and that any resolutions or power of attorney referred to in Part 1 of this Schedule in relation to it have not been revoked or amended.
- (b) A certificate of an authorized signatory of each other Obligor which is party to any of the Original Security Documents required to be executed at or before the relevant Utilization Date certifying that each copy document relating to it specified in Part 1 of this Schedule remains correct, complete and in full force and effect as at a date no earlier than a date approved for this purpose and that any resolutions or power of attorney referred to in Part 1 of this Schedule in relation to it have not been revoked or amended.
- (c) A certificate of an authorized signatory of each Obligor certifying that the representations and warranties of such Obligor in this Agreement and/or any other Finance Document is true and correct as of the Delivery Date, except to the extent such representation or warranty relates to an earlier date, in which case such representation or warranty shall have been true as of such earlier date.
- (d) A certificate of good standing with respect to the relevant Upstream Guarantor who will be the Owner of the Ship being financed in the relevant Advance, issued in the 30 days prior to the Utilization Date.

2. Initial Valuations

Initial Valuations in respect of the relevant Ship obtained and determined in accordance with Clause 24 (*Minimum security value*).

3. Fees and expenses

Evidence that the fees, commissions, costs and expenses that are due from the Obligors pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and expenses*) (including, but not limited to, the KEXIM Premium and the K-sure Premium) have been paid or will be paid by the relevant Utilization Date (provided that in case any fees, commissions, costs and expenses have been paid on the first Utilization Date and evidence has been produced to that effect, this condition precedent shall be considered as satisfied for the purposes of future Advances).

4. No Default

No Default has occurred and is continuing under the Facility Documents or will occur following the making of the relevant Utilization.

5. Payments to Shipyard

Evidence satisfactory to the Administrative Agent that all payments due to the respective Shipyard have been made and that the Shipyard does not have any lien against the Ship.

6. Ownership of Entities

- (a) A certificate of the Borrower (signed by an officer, member or manager as applicable), confirming that each of the Upstream Guarantors is 100% legally and beneficially owned by the Borrower.
- (b) A certificate of the Facility Guarantor (signed by a director, officer or manager as applicable), confirming that the Borrower is 100% legally and beneficially owned by the Facility Guarantor.

7. Establishment of Accounts

Each of the Accounts has been duly established, continues to remain open, is subject to an Account Security in full force and effect, and, if applicable, has been funded to its then-required balance (including, without limitation, in the case of the Earnings Account holding the Liquidity Reserve Required Balance, the amount standing to the credit of the such Earnings Account on the date of the relevant Advance is at least equal to the Liquidity Reserve Required Balance immediately after the Advance is made).

8. No Material Adverse Change

In the determination of the Required Lenders, no Material Adverse Change has occurred.

9. Contingent Extras

Evidence of Contingent Extras for the relevant Ship acceptable to the Administrative Agent.

10. K-sure Insurance Policy

The K-sure Insurance Policy in respect of the relevant Advance, in full force and effect as at the date of the Advance.

11. KEXIM Guarantee

The executed KEXIM Guarantee, provided that such document has not already been provided to the Administrative Agent pursuant to a prior Advance.

Part 3

Conditions precedent to each Release Date

1. Security

- (a) The Mortgage in respect of the relevant Ship, each duly executed by the relevant Upstream Guarantor, as applicable.
- (b) The General Assignment in respect of the relevant Ship, each duly executed by the relevant Upstream Guarantor, as applicable.
- (c) The Charter Assignment duly executed by the relevant Upstream Guarantor if applicable.
- (d) The Manager's Undertaking and Subordinations duly executed by the relevant parties.
- (e) Duly executed notices of assignment and acknowledgments of those notices as required by any of the above Security Documents (using commercially reasonable efforts, if applicable).
- (f) The Hedging Contract Security in respect of the Hedging Contracts (if any) entered into with the Swap Bank(s).

2. Legal opinions

- (a) A legal opinion of counsel to the Obligors addressed to the Finance Parties and K-sure on matters of New York law, substantially in the form approved by all the Lenders prior to signing this Agreement and subject to the Required Lenders' instructions.
- (b) A legal opinion of counsel to the Obligors addressed to the Finance Parties and K-sure in each jurisdiction in which an Obligor is incorporated or formed and/or which is or is to be the Flag State of the relevant Ship, substantially in the form approved by all the Lenders prior to signing this Agreement and subject to the Required Lenders' instructions.
- (c) A legal opinion of counsel to the Lenders addressed to the KEXIM Lenders and K-sure Lenders on matters of Korean law, substantially in the form approved by the KEXIM Lenders and the K-sure Lenders prior to signing this Agreement and subject to the Required Lenders' instructions.
- (d) A legal opinion of counsel to the Lenders addressed to the KEXIM Lenders and the ECA Agent on matters of New York law with respect to the KEXIM Guarantee, substantially in the form approved by the KEXIM Lenders prior to signing this Agreement and subject to the Required Lenders' instructions.
- (e) Any and all other legal opinions that may be required by the Lenders, subject to the Required Lenders' instructions.

3. Transfer of Ship Ownership

True and complete copies of all documentation evidencing the transfer of ownership in each Ship to the relevant Upstream Guarantor not already owning such a Ship (including without limitation, the bill of sale, the protocol of delivery and acceptance, the builder's certificate (if applicable), the certificate of non-registration (if applicable), the certificate of freedom from encumbrances other than the Mortgage in favor of the Security Agent).

4. Delivery and registration of Ship

Evidence that the relevant Ship:

- (a) is legally and beneficially owned by the relevant Upstream Guarantor and registered in the name of the relevant Upstream Guarantor through the relevant Registry as a ship under the laws and flag of the relevant Flag State and that such Ship is free of any Security Interest (other than Permitted Security Interests);
- (b) is classed with the relevant Classification free of all overdue conditions of class of the relevant Classification Society;
- (c) is insured in the manner required by the Finance Documents;
- (d) if applicable, has been delivered, and accepted for service, under its Long Term Charter (with a certified true copy of such Long Term Charter being delivered to the Administrative Agent);
- (e) if applicable, is free of any other charter commitment which would require approval under the Finance Documents; and
- (f) any prior registration (other than through the relevant Registry in the relevant Flag State) of the relevant Ship has been or will (within such period as may be approved) be cancelled.

5. Mortgage registration

Evidence that the Mortgage has been registered against the Ship through the relevant Registry under the laws and flag of the relevant Flag State.

6. Insurance

In relation to the Ship's Insurances:

- (a) an insurance opinion (in accordance with Clause 23.15 (*Insurance correspondence*)) for the first Ship to be delivered after the date of this Agreement; provided that if the insurance arrangements for the remaining Ships are the same as for the first Ship to be delivered after the date of this Agreement, no further insurance reports will be provided;
- (b) evidence that such Insurances have been placed in accordance with Clause 23 (*Insurance*) and details of such Insurances provided no later than 7 days prior to Delivery; and
- (c) evidence that approved brokers, insurers and/or associations have issued or will issue letters of undertaking in favor of the Finance Parties in an approved form in relation to the Insurances.

7. ISM and ISPS Code

Copies of:

- (a) the document of compliance issued in accordance with the ISM Code to the person who is the operator of the Ship for the purposes of that code;
- (b) the safety management certificate in respect of the Ship issued in accordance with the ISM Code to be delivered within five (5) days after the Utilization Date;

- (c) the international ship security certificate in respect of the Ship issued under the ISPS Code to be delivered within five (5) days after the Utilization Date; and
- (d) if so requested by the Administrative Agent, any other certificates issued under any applicable code required to be observed by the Ship or in relation to its operation under any applicable law.

8. Environmental matters

Copies of the relevant Ship's certificate of financial responsibility and vessel response plan required under United States law and evidence of their approval by the appropriate United States government entity or an undertaking from the Borrower that the Ship will not trade to the United States of America without such documentation being obtained.

9. Management Agreement

Where a manager has been approved in accordance with Clause 21.5 (*Manager*), a copy, certified by an approved person to be a true and complete copy, of the agreement between the relevant Upstream Guarantor and the manager relating to the appointment of the manager.

10. Classification Letter

The Classification Letter in respect of the relevant Ship, duly executed by the relevant Upstream Guarantor.

11. Charter / Pool Employment

Proof of employment of the relevant Ship, to consist of, as applicable, either (a) evidence of its employment in the Approved Pooling Arrangement, or (b) its Charter Documents, or (c) confirmation that such Ship is operating on the spot market.

12. Survey report

The initial survey report pursuant to Clause 22.16 (*Survey report*) delivered to the Administrative Agent and the Security Agent and acceptable to all the Lenders from approved third-party surveyors or inspectors acceptable to the Security Agent, which survey must be conducted not more than 30 days prior to the delivery of the report, and which report must be provided not less than 5 Business Days prior to the Utilization Date for each Advance evidencing that the relevant Ship is seaworthy and capable of operation.

13. Ship Certificate

A copy of a certificate that the Ships are free from Asbestos, Glass Wool and nuclear products (if available).

**Schedule 4
Utilization Request**

From: [●]

To: ABN AMRO CAPITAL USA LLC
[●]

Dated: [●]

Dear Sirs

\$758,105,296 Facility Agreement dated [●] (the Agreement)

1. We refer to the Agreement. This is a Utilization Request. Terms defined in the Agreement have the same meaning in this Utilization Request unless given a different meaning in this Utilization Request.
2. We wish to borrow the [Ship 1 Advance][Ship 2 Advance][Ship 3 Advance][Ship 4 Advance][Ship 5 Advance][Ship 6 Advance][Ship 7 Advance][Ship 8 Advance][Ship 9 Advance][Ship 10 Advance][Ship 11 Advance][Ship 12 Advance][Ship 13 Advance][Ship 14 Advance][Ship 15 Advance][Ship 16 Advance][Ship 17 Advance][Ship 18 Advance] on the following terms:

Proposed Utilization Date: [●] (or, if that is not a Business Day, the next Business Day)

Proposed Release Date [●] (or, if that is not a Business Day, the next Business Day)

Amount: \$[●]

3. We confirm that each condition specified in Clause 4.5 (*Further conditions precedent*) is satisfied on the date of this Utilization Request.
4. The purpose of this Advance is [specify purpose complying with Clause 3 (*Purpose*) of the Agreement] and its proceeds should be credited to [●] [specify account].
5. We request that the first Interest Period for the Advance under the Commercial Tranche be [three/six (3)/(6)] months (as determined pursuant to Clause 9 (*Interest Periods*)).
6. We confirm that the first Interest Period for the Advance under the KEXIM Guaranteed Tranche, the KEXIM Funded Tranche and the K-sure Tranche is three (3) months.
7. This Utilization Request is irrevocable.

Yours faithfully

.....
authorized signatory for

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Schedule 5
Form of Classification Letter

Letter of Instruction to Classification Society

To: [insert name and address of Classification Society]

Dated: [●]

Dear Sirs

Name of ship: "[NAME]" (the Ship)

Flag: Bahamas

Name of Owner: [] (the Owner)

Name of mortgagee: ABN AMRO Capital USA LLC, as Security Agent (the Mortgagee) acting on behalf of the Lenders

We refer to the Ship, which is registered in the ownership of the Owner, and which has been entered in and classed by [insert name of Classification Society] (the **Classification Society**).

The Lenders have agreed to provide mortgage secured finance to (among others) the Owner upon condition that among other things, the Owner issues with the Mortgagee this letter of instruction to the Classification Society in the form presented by the Mortgagee.

The Owner and the Mortgagee irrevocably and unconditionally instruct and authorize the Classification Society (notwithstanding any previous instructions whatsoever which the Owner may have given to the Classification Society to the contrary) as follows:

1. to send to the Mortgagee, following receipt of a written request from the Mortgagee, certified true copies of all original certificates of class held by the Classification Society in relation to the Ship;
2. to allow the Mortgagee (or its agents), at any time and from time to time, to inspect the original class and related records of the Owner and the Ship at the offices of the Classification Society in [●] and to take copies of them;
3. to notify the Mortgagee immediately in writing if the Classification Society becomes aware of any facts or matters which have resulted in a suspension or cancellation of the Ship's class under the rules or terms and conditions of the Owner's or the Ship's membership of the Classification Society;
4. following receipt of a written request from the Mortgagee:
 - (a) to confirm that the Owner is not in default of any of its contractual obligations or liabilities to the Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Classification Society; or
 - (b) if the Owner is in default of any of its contractual obligations or liabilities to the Classification Society, to specify to the Mortgagee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the Classification Society.

Notwithstanding the above instructions given for the benefit of the Mortgagee, the Owner shall continue to be responsible to the Classification Society for the performance and discharge of all its obligations and liabilities relating to or arising out of or in connection with the contract it has with the Classification Society, and nothing in this letter should be construed as imposing any obligation or liability of the Mortgagee to the Classification

Society in respect thereof. The instructions and authorizations which are contained in this notice shall remain in full force and effect until the Owner and the Mortgagee together give you notice in writing revoking them.

The Owner undertakes to reimburse the Classification Society in full for any costs or expenses it may incur in complying with the instructions and authorizations referred to in this letter.

This letter and any non-contractual obligations connected with it are governed by New York law.

.....
For and on behalf of
[●]

.....
For and on behalf of
ABN AMRO CAPITAL USA LLC

Letter of Undertaking from the Classification Society

To: []
and
ABN AMRO CAPITAL USA LLC

Dated: [●]

Dear Sirs

Name of ship: "[NAME OF SHIP]" (the Ship)

Flag: []

Name of Owner: [] (the Owner)

Name of mortgagee: ABN AMRO Capital USA LLC (the Mortgagee)

We [insert name of Classification Society], hereby acknowledge receipt of a letter (a copy of which is attached hereto) dated _____ sent to us by the Owner and the Mortgagee (together the **Instructing Parties**) with various instructions regarding the Ship.

In consideration of the payment of US\$10 by the Instructing Parties and the agreement by the Mortgagee to approve the selection of [insert name of Classification Society] (the receipt and adequacy of which is hereby acknowledged), we undertake:

1. to send to the Mortgagee, following receipt of a written request from the Mortgagee, certified true copies of all original certificates of class held by us in relation to the Ship;
2. to allow the Mortgagee (or its agents), at any time and from time to time, to inspect the original class and related records of the Owner and the Ship at our offices in [●] and to take copies of them;
3. to notify the Mortgagee immediately in writing if we become aware of any facts or matters which have resulted in a suspension or cancellation of the Ship's class under the rules or terms and conditions of the Owner's or the Ship's membership;
4. following receipt of a written request from the Mortgagee:
 - a) to confirm that the Owner is not in default of any of its contractual obligations or liabilities to us and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to us; or
 - b) if the Owner is in default of any of its contractual obligations or liabilities to us, to specify to the Mortgagee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by us.

NEITHER [insert name of Classification Society] NOR ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, OR ASSIGNS, SHALL BE RESPONSIBLE FOR ANY LOSS OR DAMAGE ARISING OR RESULTING FROM ANY ACT, OMISSION, DEFAULT OR NEGLIGENCE WHATSOEVER, IN MAINTAINING ITS RECORDS OR IN RESPONDING TO INQUIRIES FROM THE MORTGAGEE OR ITS AGENTS IN EXCESS OF U.S. \$1,000.00 OR TEN TIMES THE AMOUNT CHARGED FOR THE RESPONSE, WHICHEVER IS GREATER.

This letter and any non-contractual obligations connected with it are governed by New York law.

Yours faithfully

.....
For and on behalf of
[INSERT NAME OF CLASSIFICATION SOCIETY]

Schedule 6

Form of Subordination Letter

To:

ABN AMRO Capital USA LLC

[•]

Attention: [•]

Telephone: [•]

Fax: [•]

Email: [•]

[Date]

Dear Sirs

\$758,105,296 loan to [•] (the "Borrower")

We refer to the facility agreement dated [•] (the **Facility Agreement**) made among the Borrower, the guarantors listed in Schedule 1 (*The original parties*) Part B thereto as owners and upstream guarantors, Dorian LPG Ltd., as facility guarantor, ABN AMRO Capital USA LLC, Citibank N.A., London Branch, ING Bank N.V., London Branch and DVB Bank SE, as bookrunners, ABN AMRO Capital USA LLC, Citibank N.A., London Branch, ING Bank N.V., London Branch, DVB Bank SE and the Export-Import Bank of Korea, as mandated lead arrangers, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part F thereto, as commercial lenders, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part G thereto, as KEXIM lenders, the Export-Import Bank of Korea, as KEXIM, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part I thereto, as K-sure lenders, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part J thereto, as swap banks, ABN AMRO Capital USA LLC, as global coordinator, agent and security agent for and on behalf of the finance parties, Citibank N.A., London Branch or any of its holding companies, subsidiaries or affiliates, as ECA Coordinator, and Citibank N.A., London Branch as ECA agent.

In consideration of the Lenders agreeing to make available the Loan to the Borrower, we hereby irrevocably confirm all our rights as lender of any present and/or future loans to the [Borrower][Guarantor] (the "[Member][Affiliate] Loans") regarding the repayment of the [Member][Affiliate] Loans shall be subordinated in all respects to the rights of the Lenders under the Facility Agreement and the other Finance Documents. Furthermore, we also confirm that, at any time after the occurrence of an Event of Default which is continuing, shall not accept any repayment of such [Member][Affiliate] Loans (whether in respect of principal or interest or otherwise) or take any steps to recover any such outstanding [Member][Affiliate] Loans without the Lenders' prior written consent.

Words and expressions defined in the Facility Agreement shall, unless otherwise defined herein, have the same meaning when used in this Letter.

This Letter 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 Letter.

This Letter and any non-contractual obligations connected with it are governed by, and shall be construed in accordance with, New York law.
Yours faithfully

.....

For and on behalf of

[]

By:

Title:

.....

For and on behalf of

[]

By:

Title:

In consideration of the Lender agreeing to make available the first Advance to the Borrower, we hereby irrevocably confirm that we:

- (a) have not, at the date hereof incurred, and will not after the date hereof incur, any indebtedness other than [, with respect to the Borrower, the Loan and] any [Member][Affiliate] Loans; and
- (b) shall procure that any part of the purchase price of *[Ship name]* not advanced by way of loan and borrowed by the Borrower shall be subordinated in all respects to our indebtedness and obligations under the Finance Documents.

Yours faithfully

.....

For and on behalf of

[BORROWER][GUARANTOR]

By:

Title:

Schedule 7

Form of Substitution Certificate

[Note: Banks are advised not to employ Substitution Certificates or otherwise to assign or transfer interests in any Finance Document without first ensuring that the transaction complies with all applicable laws and regulation in all applicable jurisdictions.]

To: ABN AMRO CAPITAL USA LLC on its own behalf, as agent for the parties to the Agreement defined below and on behalf of [] and [].

Attention: [Date]

Substitution Certificate

This Substitution Certificate relates to a \$758,105,296 Facility Agreement (the "**Agreement**"), dated [●], made among the Borrower, the guarantors listed in Schedule 1 (*The original parties*) Part B thereto as owners and upstream guarantors, Dorian LPG Ltd., as facility guarantor, ABN AMRO Capital USA LLC, Citibank N.A., London Branch, ING Bank N.V., London Branch and DVB Bank SE, as bookrunners, ABN AMRO Capital USA LLC, Citibank N.A., London Branch, ING Bank N.V., London Branch, DVB Bank SE and the Export-Import Bank of Korea, as mandated lead arrangers, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part F thereto, as commercial lenders, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part G thereto, as KEXIM lenders, the Export-Import Bank of Korea, as KEXIM, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part I thereto, as K-sure lenders, the banks and financial institutions listed in Schedule 1 (*The original parties*) Part J thereto, as swap banks, ABN AMRO Capital USA LLC, as global coordinator, agent and security agent for and on behalf of the finance parties, Citibank N.A., London Branch or any of its holding companies, subsidiaries or affiliates, as ECA Coordinator, and Citibank N.A., London Branch as ECA agent.

1. [name of Existing Lender] (the "Existing Lender") (a) confirms the accuracy of the summary of its participation in the Agreement set out in the schedule below; and (b) requests [name of Substitute Bank] (the "Substitute") to accept by way of assignment and/or substitution the portion of such participation specified in the schedule hereto by counter-signing and delivering this Substitution Certificate to the Administrative Agent at its address for the service of notices specified in the Agreement.
2. The Substitute hereby requests the Administrative Agent (on behalf of itself, and the other parties to the Agreement) to accept this Substitution Certificate as being delivered to the Administrative Agent pursuant to and for the purposes of Clause 30.2 (*Substitution*) of the Agreement, so as to take effect in accordance with the respective terms thereof on [date of transfer] (the "Effective Date") or on such later date as may be determined in accordance with the respective terms thereof.
3. The Administrative Agent (on behalf of itself, and all other parties to the Agreement) confirms the assignment and/or substitution effected by this Substitution Certificate pursuant to and for the purposes of Clause 30.2 (*Substitution*) of the Agreement so as to take effect in accordance with the respective terms thereof.
4. The Substitute confirms:
 - (a) that it has received a copy of the Agreement and each of the other Finance Documents and all other documentation and information required by it in connection with the transactions contemplated by this Substitution Certificate;

- (b) that it has made and will continue to make its own assessment of the validity, enforceability and sufficiency of the Agreement, the other Finance Documents and this Substitution Certificate and has not relied and will not rely on the Existing Lender or the Administrative Agent or any statements made by either of them in that respect;
 - (c) that it has made and will continue to make its own credit assessment of the Borrower and has not relied and will not rely on the Existing Lender or the Administrative Agent or any statements made by either of them in that respect; and
 - (d) that, accordingly, neither the Existing Lender nor the Administrative Agent shall have any liability or responsibility to the Substitute in respect of any of the foregoing matters.
5. Execution of this Substitution Certificate by the Substitute constitutes its representation to the Existing Lender and all other parties to the Agreement that it has power to become party to the Agreement and each other Finance Document as a Lender on the terms herein and therein set out and has taken all necessary steps to authorize execution and delivery of this Substitution Certificate.
 6. The Existing Lender makes no representation or warranty and assumes no responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Agreement or any of the other Finance Documents or any document relating thereto and assumes no responsibility for the financial condition of the Borrower or any other party to the Agreement or any of the other Finance Documents or for the performance and observance by the Borrower or any other such party of any of its obligations under the Agreement or any of the other Finance Documents or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.
 7. The Substitute hereby undertakes to the Existing Lender, the Borrower and the Administrative Agent and each of the other parties to the Agreement that it will perform in accordance with their terms all those obligations which by the respective terms of the Agreement will be assumed by it after acceptance of this Substitution Certificate by the Administrative Agent.
 8. All terms and expressions used but not defined in this Substitution Certificate shall bear the meaning given to them in the Agreement.
 9. This Substitution Certificate and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of New York.

Note: This Substitution Certificate is not a security, bond, note, debenture, investment or similar instrument.

AS WITNESS the hands of the authorized signatories of the parties hereto on the date appearing below.

The Schedule

Commitment: US\$	Portion Transferred: US\$
Contribution: US\$	Portion Transferred: US\$
Next Interest Payment Date:	

Administrative Details of Substitute

Lending Office:

Account for payments:

Telephone:

Fax:

Attention:

[Existing Lender]

[Substitute]

By:

By:

Date:

Date:

The Administrative Agent

By:

.....

on its own behalf

and on behalf of [_____]

Date:

Schedule 8
Form of Increase Confirmation

To: ABN AMRO Capital USA LLC

and

[●]

From: [the Increase Lender] (the Increase Lender)

Dated: [●]

\$758,105,296

Facility Agreement dated [●] (the Agreement)

1. We refer to the Agreement. This is an Increase Confirmation. Terms defined in the Agreement have the same meaning in this Increase Confirmation unless given a different meaning in this Increase Confirmation.
- (b) We refer to Clause 2.2(a) (*Increase*).
- (c) The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the Relevant Commitment) as if it was an Original Lender under the Agreement.
- (d) The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the Increase Date) is [●].
- (e) On the Increase Date, the Increase Lender becomes party to the Finance Documents as a Lender.
- (f) The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 37.2 (*Addresses*) are set out in the Schedule.
- (g) This Increase Confirmation 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 Increase Confirmation.
- (h) This Increase Confirmation and any non-contractual obligations arising out of or in connection with it are governed by the laws of the State of New York.
- (i) This Increase Confirmation has been entered into on the date stated at the beginning of this Increase Confirmation.

The Schedule

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Increase Confirmation is accepted as an Increase Confirmation for the purposes of the Agreement by the Administrative Agent and the Increase Date is confirmed as [●].

Administrative Agent (on behalf of itself, the Obligors and the other Finance Parties)

By:

Schedule 9
Compliance Certificate

To: ABN AMRO Capital USA LLC, as Administrative Agent

From: Dorian LPG Ltd., as Facility Guarantor

Dated [●]

US \$758,105,296 Facility Agreement, dated [●], 2015 (the "Agreement")

1. I/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. I/We confirm that, as at the date hereof:
 - (a) the Consolidated Liquidity is equal to \$[●], which is at least equal to the Liquidity Reserve Required Balance, as more particularly described in Clause 19.2(a) (*Minimum Liquidity*), and is being maintained in an Earnings Account. The Liquidity Reserve Required Balance is \$[●].
 - (b) the ratio of Consolidated Net Debt to Consolidated Total Capitalization is not more than 0.60:1.00, as more particularly described in Clause 19.2(b) (*Maximum Leverage*), as evidenced by the following: **[set out (in reasonable detail) computations as to compliance with Clause 19.2(b) (*Maximum Leverage*)];**
 - (c) the ratio of Consolidated EBITDA to Consolidated Net Interest Expense is greater than or equal to [1.00/1.50/2.00/2.50] **[Insert as appropriate]**, as more particularly described in Clause 19.2(c) (*Minimum Interest Coverage*), as evidenced by the following: **[set out (in reasonable**

detail) computations as to compliance with Clause 19.2(c) (Minimum Interest Coverage)];

- (d) stockholder's equity is at least equal to the aggregate of (i) \$400,000,000, (ii) 50% of any new equity raised after the Closing Date and (iii) 25% of the positive net income for the immediately preceding financial year, as more particularly described in Clause 19.2(d) (*Minimum Stockholder's Equity*), as evidenced by the following: **[set out (in reasonable detail) computations as to compliance with Clause 19.2(d) (Minimum Stockholder's Equity)];** and
- (e) the ratio of Current Assets to Current Liabilities is greater than 1.00, as more particularly described in Clause 19.2(e) (*Current Assets divided by Current Liabilities*), as evidenced by the following: **[set out (in reasonable detail) computations as to compliance with Clause 19.2(e) (Current Assets divided by Current Liabilities)].**

3. I/We confirm that no Default is continuing.

Signed on behalf of **Dorian LPG Ltd.**

By:

Name:

Title: [Chief Financial Officer]

Schedule 10

List of Acceptable Charterers

Statoil
Petrodec
Petrobras
Total
Shell
Exxon
BP
Vitol
Geogas
Glencore
Trafigura
Transammonia
Flopec
Mitsui
Mitsubishi
E1
Chevron
Astomos
Gunvor
Idemitsu
Itochu
Kuwait Petroleum Corporation
Lukoil¹
PTT
SK Energy
Oriental Energy
Sinopec
Unipeç
Targa Resources Corp.
Enterprise Products
Energy Transfer Partners

¹(subject to the applicable Sanctions regime).

Schedule 11

Tranches and Commitments

Lenders	Commercial Tranche Commercial Lenders	KEXIM Guaranteed Tranche KEXIM Lenders	KEXIM Funded Tranche KEXIM	K-sure Tranche K-sure Lenders
Aggregate Maximum Amount	\$249,122,048	\$202,087,805	\$204,280,079	\$102,615,364
Percentage of each Advance	32.862%	26.657%	26.946%	13.535%
ABN AMRO Capital USA LLC Commitment	\$61,782,268	\$24,912,204	-	\$20,523,072
Citibank N.A., London Branch Commitment	\$26,905,181	\$42,450,397	-	\$20,523,073
ING Bank N.V., London Branch Commitment	\$61,782,268	-	-	\$20,523,073
DVB Bank SE Commitment	\$61,782,268	-	-	-
Deutsche Bank AG, Hong Kong Branch Commitment	-	\$42,450,397	-	\$20,523,073
Santander Bank, N.A. Commitment		\$42,450,397	-	\$20,523,073
DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main Commitment		\$49,824,410	-	-
The Export-Import Bank of Korea Commitment	-	-	\$204,280,079	-
Commonwealth Bank of Australia, New York Branch Commitment	\$36,870,063	-	-	-

Schedule 12

Margin Certificate

To: ABN AMRO Capital USA LLC, as Administrative Agent

From: Dorian LPG Ltd., as Facility Guarantor

Dated [●]

US \$758,105,296 Facility Agreement, dated [●], 2015 (the "Agreement")

1. I/We refer to the Agreement. Terms defined in the Agreement have the same meaning when used in this Certificate unless given a different meaning in this Certificate.
2. I/We confirm that, as at the date hereof:
 - (a) the following are the names of the Ships and confirmation whether each Ship is on Acceptable Charter:

Comet	[Acceptable Charter/Not Acceptable Charter]
Corvette	[Acceptable Charter/Not Acceptable Charter]
Cobra	[Acceptable Charter/Not Acceptable Charter]
Cougar	[Acceptable Charter/Not Acceptable Charter]
Continental	[Acceptable Charter/Not Acceptable Charter]
Constitution	[Acceptable Charter/Not Acceptable Charter]
Concorde	[Acceptable Charter/Not Acceptable Charter]
Commodore	[Acceptable Charter/Not Acceptable Charter]
Cresques	[Acceptable Charter/Not Acceptable Charter]
Cheyenne	[Acceptable Charter/Not Acceptable Charter]
Constellation	[Acceptable Charter/Not Acceptable Charter]
Clermont	[Acceptable Charter/Not Acceptable Charter]
Cratis	[Acceptable Charter/Not Acceptable Charter]
Chaparral	[Acceptable Charter/Not Acceptable Charter]
Copernicus	[Acceptable Charter/Not Acceptable Charter]
Commander	[Acceptable Charter/Not Acceptable Charter]

Challenger
Caravel

[Acceptable Charter/Not Acceptable Charter]
[Acceptable Charter/Not Acceptable Charter]

(b) the average remaining tenor on the Acceptable Charters, in the aggregate, is greater than one (1) year; and

(c) [50% or more but less than 75% of the Ships] [75% or more of the Ships] are employed on Acceptable Charters.

3. I/We hereby provide notice that the applicable Margin in respect of the Commercial Tranche for the quarter starting [●] shall be [2.50%/2.25%] per annum.

Signed on behalf of **Dorian LPG Ltd.**

By:

Name:

Title: [Chief Financial Officer]

SIGNATURES

DORIAN LPG FINANCE LLC

As Borrower

By: /s/ Theodore Young
Name: Theodore Young
Title: President

COMET LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

CORVETTE LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN SHANGHAI LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN HOUSTON LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN SAO PAULO LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

CONCORDE LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

CONSTELLATION LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN ULSAN LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN AMSTERDAM LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN MONACO LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN BARCELONA LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN TOKYO LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN DUBAI LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN GENEVA LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN CAPE TOWN LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

COMMANDER LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN EXPLORER LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN EXPORTER LPG TRANSPORT LLC

As Upstream Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

DORIAN LPG LTD.

As Facility Guarantor

By: /s/ Theodore Young
Name: Theodore Young
Title: President

ABN AMRO CAPITAL USA LLC

As Bookrunner, Mandated Lead Arranger, Global Coordinator, Administrative Agent, Security Agent and Original Lender

By: /s/ Urvashi Zutshi
Name: Urvashi Zutshi
Title: Managing Director

By: /s/ Passchier Veeffkind
Name: Passchier Veeffkind
Title: Director – Energy Offshore

ABN AMRO BANK N.V.

As Swap Bank

By: /s/ P.R. Vogelzang
Name: P.R. Vogelzang
Title:

By: /s/ Thijs Slavenburg
Name: Thijs Slavenburg
Title: Director

CITIBANK N.A., LONDON BRANCH

As Bookrunner, Mandated Lead Arranger, ECA Coordinator, ECA Agent and Original Lender

By: /s/ Kara Catt
Name: Kara Catt
Title: Vice President

By:
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

As Swap Bank

By: /s/ Valentino Gallo
Name: Valentino Gallo
Title: Managing Director Export and Agency Finance
388 Greenwich Street/20th Floor
(212) 816-1008

By:
Name:
Title:

THE EXPORT-IMPORT BANK OF KOREA

As Mandated Lead Arranger, Swap Bank and Original Lender

By: /s/ Yang Woon-Sung
Name: Yang Woon-Sung
Title: Senior Loan Officer

By:
Name:
Title:

ING CAPITAL MARKETS LLC

As Swap Bank

By: /s/ Gary E. Kalbaugh
Name: Gary E. Kalbaugh
Title: Director

By:
Name:
Title:

ING BANK N.V., LONDON BRANCH

As Bookrunner, Mandated Lead Arranger and Original Lender

By: /s/ Adam Byrne
Name: Adam Byrne
Title: Managing Director

By: /s/ Graham Wallden
Name: Graham Wallden
Title: Director

DVB BANK SE

As Bookrunner, Mandated Lead Arranger, Swap Bank and Original Lender

By: /s/ Frühauf
Name: Frühauf
Title: Vice President

By: /s/ Götz
Name: Götz
Title: Vice President

COMMONWEALTH BANK OF AUSTRALIA, NEW YORK BRANCH

As Swap Bank and Original Lender

By: /s/ James M. Miller
Name: James M. Miller
Title: Head of Americas Origination
Structured Asset Finance

By:
Name:
Title:

DEUTSCHE BANK AG, HONG KONG BRANCH

As Mandated Lead Arranger and Original Lender

By: /s/ Edward-SL Hul
Name: Edward-SL Hul
Title: Vice President
Structured Trade & Export Finance,
Hong Kong

By: /s/ Ken-KS Cheng
Name: Ken-KS Cheng
Title: Associate
Structured Trade & Export Finance,
Hong Kong

DZ BANK AG

**DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK
FRANKFURT AM MAIN**

As Original Lender

By: /s/ Manfred Fischer
Name: Manfred Fischer
Title: Managing Director

By: /s/ Oliver Hannusch
Name: Oliver Hannusch
Title: Associate Director

SANTANDER BANK, N.A.

As Original Lender

By: /s/ Jean-Baptiste Piette
Name: Jean-Baptiste Piette
Title: Executive Director

By: /s/ Puiki Lok
Name: Puiki Lok
Title: Vice President

BANCO SANTANDER, S.A.

As Mandated Lead Arranger

By: /s/ Remedios Cantalapiedra
Name: Remedios Cantalapiedra
Title: Associate

By: /s/ Carmen Velazquez
Name: Carmen Velazquez
Title: Associate

Subsidiary	Country of Incorporation
Dorian LPG Management Corp.	Marshall Islands
Dorian LPG Finance LLC	Marshall Islands
Dorian LPG (USA) LLC	United States (Delaware)
Dorian LPG (UK) Ltd	United Kingdom
CNML LPG Transport LLC	Marshall Islands
CJNP LPG Transport LLC	Marshall Islands
CMNL LPG Transport LLC	Marshall Islands
Grendon Tanker LLC	Marshall Islands
Comet LPG Transport LLC	Marshall Islands
Corsair LPG Transport LLC	Marshall Islands
Corvette LPG Transport LLC	Marshall Islands
Concorde LPG Transport LLC	Marshall Islands
Constellation LPG Transport LLC	Marshall Islands
Commander LPG Transport LLC	Marshall Islands
Dorian Houston LPG Transport LLC	Marshall Islands
Dorian Shanghai LPG Transport LLC	Marshall Islands
Dorian Sao Paulo LPG Transport LLC	Marshall Islands
Dorian Ulsan LPG Transport LLC	Marshall Islands
Dorian Amsterdam LPG Transport LLC	Marshall Islands
Dorian Dubai LPG Transport LLC	Marshall Islands
Dorian Monaco LPG Transport LLC	Marshall Islands
Dorian Barcelona LPG Transport LLC	Marshall Islands
Dorian Geneva LPG Transport LLC	Marshall Islands
Dorian Cape Town LPG Transport LLC	Marshall Islands
Dorian Tokyo LPG Transport LLC	Marshall Islands
Dorian Explorer LPG Transport LLC	Marshall Islands
Dorian Exporter LPG Transport LLC	Marshall Islands

Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer

I, John Hadjipateras, certify that:

1. I have reviewed this annual report on Form 10-K of Dorian LPG Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John Hadjipateras

John Hadjipateras
Chief Executive Officer

Dated: June 3, 2015

Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer

I, Theodore B. Young, certify that:

1. I have reviewed this annual report on Form 10-K of Dorian LPG Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Theodore B. Young

Theodore B. Young
Chief Financial Officer

Dated: June 3, 2015

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Dorian LPG Ltd. (the "Company"), on Form 10-K for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Hadjipateras, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities and Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John Hadjipateras

John Hadjipateras
Chief Executive Officer

Dated: June 3, 2015

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Dorian LPG Ltd. (the "Company"), on Form 10-K for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Theodore B. Young, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities and Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Theodore B. Young

Theodore B. Young
Chief Financial Officer

Dated: June 3, 2015

