Avance Gas

PRIVATE PLACEMENT INVESTOR PRESENTATION

08 April 2021

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TRANSACTION HIGHLIGHTS

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6x dual fuel VLGC newbuildings with superior earnings power	• Private placement of up to ~$70m and plans to increase the newbuilding program from four to six dual fuel 91k VLGCs • Attractive average purchase price of 78.9m (70% of purchase price payable at or close to delivery date) • Superior earnings power (c. 30% premium vs a non eco VLGC) and significantly reducing environmental emissions
Significant operating leverage and cash flow potential	• Low cash break even and significant operating leverage enabling for a proforma cash yield of ~27% at current 1yr t/c rates • No dry-dockings before 2023 and no debt maturities before 2024 • Strong balance sheet enabling attractive dividend capacity
Leading VLGC operator with industry low G&A	• Leading operator of modern VLGCs with a fleet of 13 VLGCs on the water and 6 newbuilds (including the two options) • Modern, energy efficient fleet and lean and efficient operating structure with industry leading G&A • Tier 1 sponsor through the Seatankers system
Compelling near term market fundamentals	• Balanced vessel supply with moderate VLGC order book and aging fleet - 20-25% of fleet to dry dock annually in 2020-22 • Oil price rebound expected to increase Middle East exports and fuel vessel demand into high season • Higher oil prices also leave upside potential to US LPG production and export forecasts

BACKGROUND FOR THE TRANSACTION

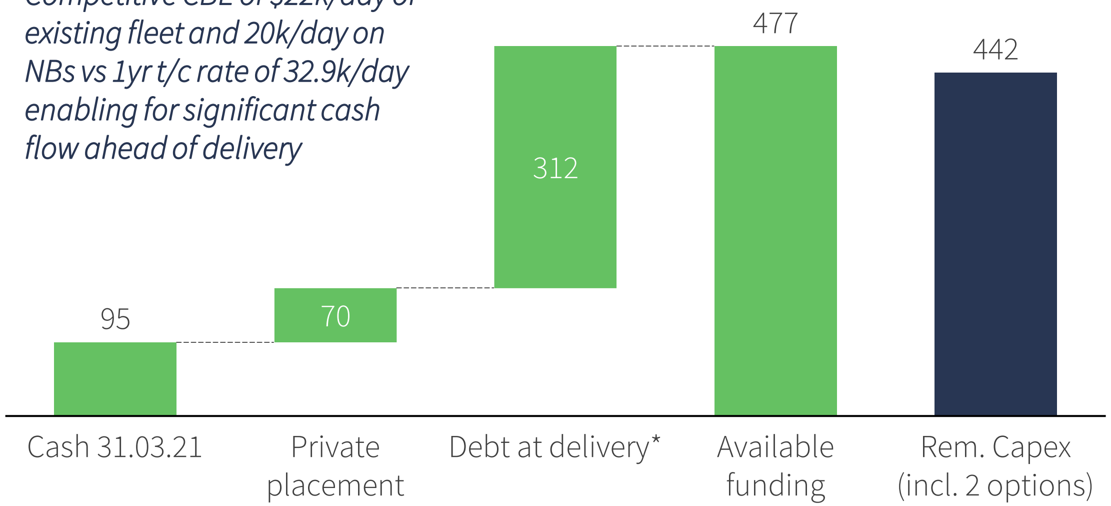
Overview of newbuilding program

#	CBU	Yard	Avg. purchase price ($m)	Status	Delivery date
1	91k	Daewoo (DSME)	78.9	On order	Nov-21
2	91k	Daewoo (DSME)	78.9	On order	Feb-22
3	91k	Daewoo (DSME)	78.9	On order	Nov-22
4	91k	Daewoo (DSME)	78.9	On order	Feb-23
5	91k	Daewoo (DSME)	78.9	Option	H2-23
6	91k	Daewoo (DSME)	78.9	Option	H2-23
Total			473.4		

New

Illustrative funding overview, 6x newbuilds ($m)

Competitive CBE of $22k/day of existing fleet and 20k/day on NBs vs 1yr t/c rate of 32.9k/day enabling for significant cash flow ahead of delivery



- Private placement of up to ~$70 million and plans to increase the newbuilding program from four to six dual fuel 91k VLGCs
- Newbuilding program (including 2 options) of $473m, off-which $31m is paid-in as of 31.03.2021
- Staggered delivery profile and attractive payment terms with 70% of purchase price payable at or close to delivery date
- Strong balance sheet with 95m in cash as of 31.03.21, no dry-dockings before 2023 and no debt maturities before 2024
- Newbuilding program (incl. options) expected to be fully funded through this private placement, 65% LTV assumed debt financing at delivery and other available funding

*) 65% LTV of delivery cost, including supervision and up-storing

DUAL FUEL VLGCS WITH SUPERIOR EARNINGS POWER

Unrivalled performance

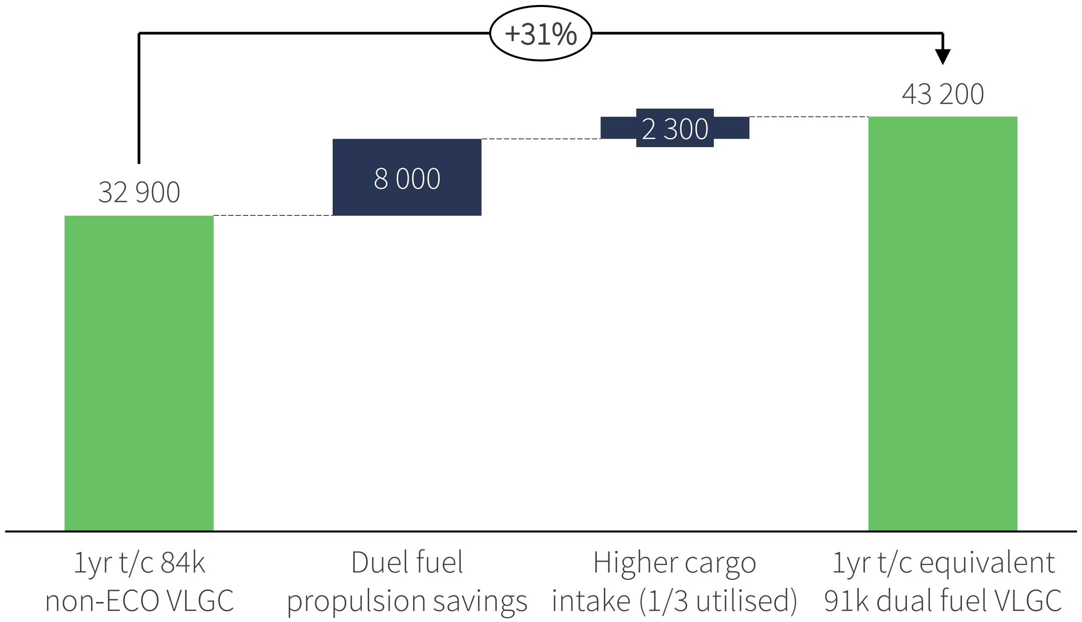
- Lower consumption
- Larger cargo intake
- Cheaper fuel. No mixing risk. Reduced bunkering time
- Green profile enables attractive financing terms
- Better speed
- Vessel designed as Dual-Fuel

Significantly Reducing Emissions

- SOx (99.6%)
- CO2 (39.5% compared to 2010 Korean built VLGC design at 16 knots)
- Particle pollution (90%)
- Avoid use of any auxiliary removing 5-7 metric tons of hydrocarbon fuel per day

Superior earnings power vs non-eco VLGC* (TCE/day)

Newbuildings with potential of generating c. $10,300 in premium earnings vs a non-eco 84k VLGC, reflecting $3.7m in superior earnings per year vs 6.5-7.0m in higher newbuilding cost → paypack of < 2 years



**) Route: Houston - Chiba via Panama Canal, 57 days roundvoyage, 320 seadays/year, average yearly consumption (365 days) 10y old VLGC 36.4m tonnes/day compared to duel fuel newbuild of 25.8m tonnes/day, 2022 forward price propane (Mont Belvieu) of $335/tonne vs VLSFO $459/tonne, extra cargo intake of 4,820 tonnes at current Houston-Chiba freight rate of $82/tonne*
Source: Bloomberg

STRONG CASH FLOW AND DIVIDEND POTENTIAL

Superior earnings capacity and competitive CBE

Super earnings power through high dual fuel- and scrubber penetration

- *~32% of fleet scrubber fitted with estimated $4.3k higher TCE/day vs non-eco VLGCs***
- *~32% of fleet dual fuel with up to $10.3k higher TCE/day vs non-eco VLGCs***

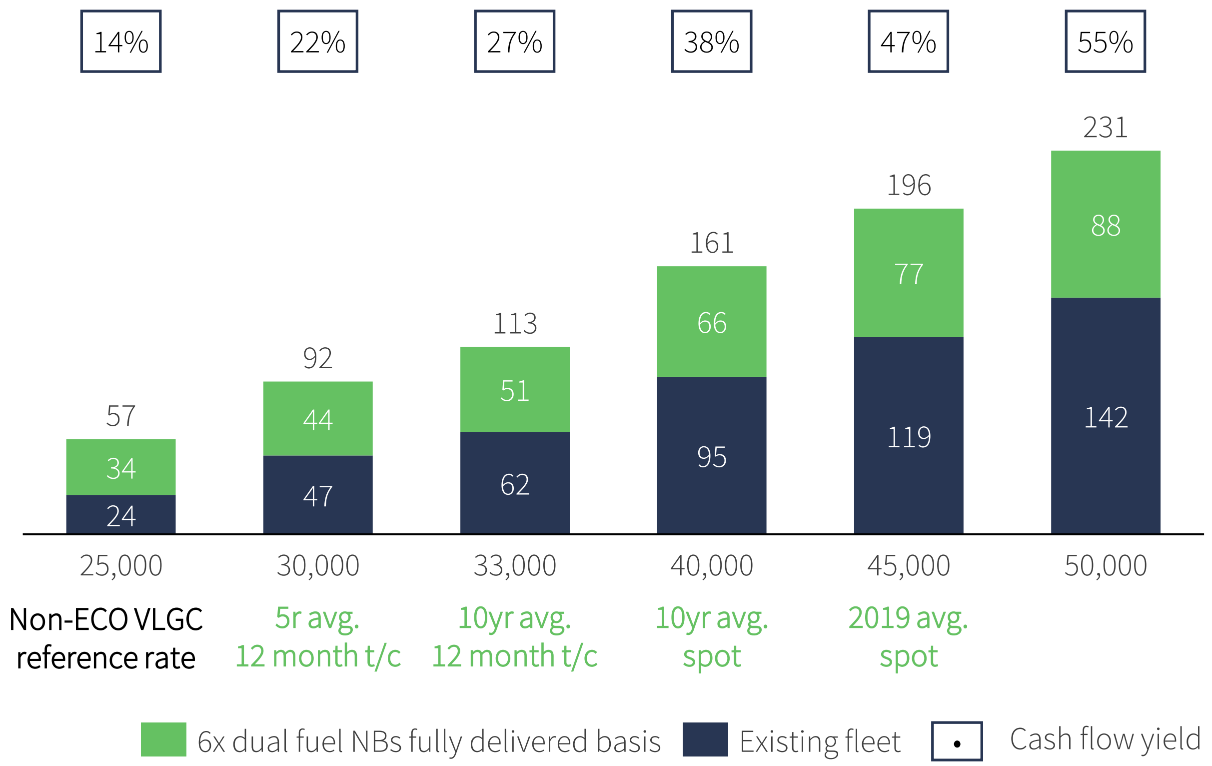
Competitive cash break even of $22k/day for existing fleet for 2021 and $20k/day for newbuilds

- *No dry-dockings before 2023*
- *No debt maturities before 2024*

Strong balance sheet and commitment to return capital to shareholders

- *TCE rate Q1 2021 of $37,000-38,000/day discharge to discharge*
- *TCE rate Q1 2021 of $42-43,000/day load to discharge (IFRS 15)*
- *Cash position of $95 million as of 31.03.2021*

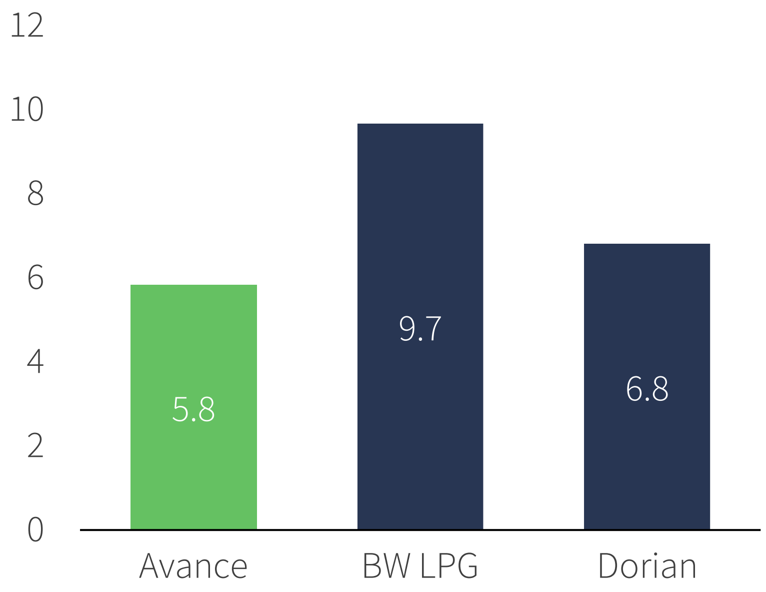
Pro-forma annualised cash flow sensitivity analysis*



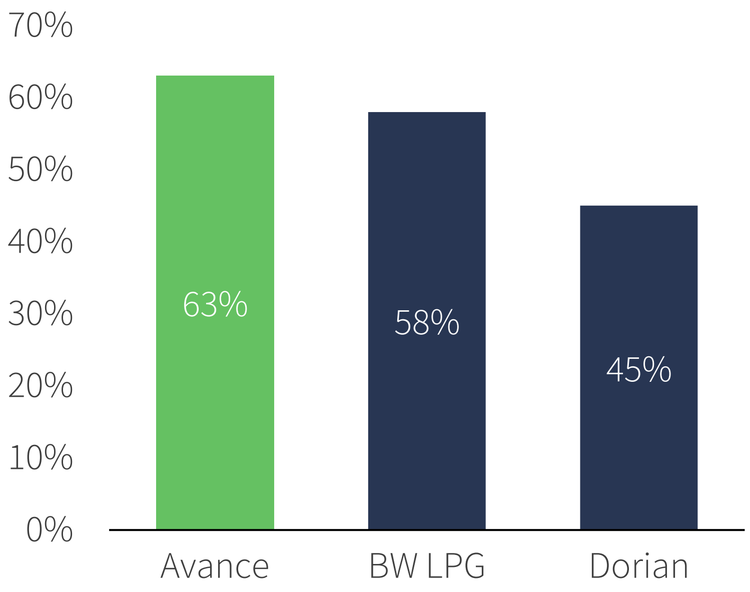
*) Cash flow calculated based on CBE rates subtracted from X-axis TCE rates, adding $14,900/v/d for newbuilds with LPG propulsion and $4,300 /v/d for scrubber fitted vessels. Cash flow yield calculated on fully delivered and annualized cash flow basis divided by pro-forma market cap of $420million based on pre-money market cap of $350 million and ~$70 million capital raise **) Premium for dual fuel based on Houston - Chiba via Panama Canal, 57 days roundvoyage, 320 seadays/year, average yearly consumption (365 days) 10y old VLGC 36.4m tonnes/day compared to duel fuel newbuild of 25.8m tonnes/day, 2022 forward price propane (Mont Belvieu) of $335/tonne vs VLSFO $459/tonne, extra cargo intake of 4,820 tonnes at current Houston-Chiba freight rate of $82/tonne. 1/3 of higher order intake utilised. Premium for scrubber benefits based on Houston - Chiba via Panama Canal, 57 days round voyage, 320 seadays/year, average yearly consumption (365 days) 10y old VLGC 36.4m tonnes/day, 2022 forward price VLSFO (Singapore) of $459/tonne vs HSFO (Singapore) $331/tonne
Source: Bloomberg, Clarksons SIN

MODERN, ENERGY EFFICIENT FLEET AND INDUSTRY LOW G&A

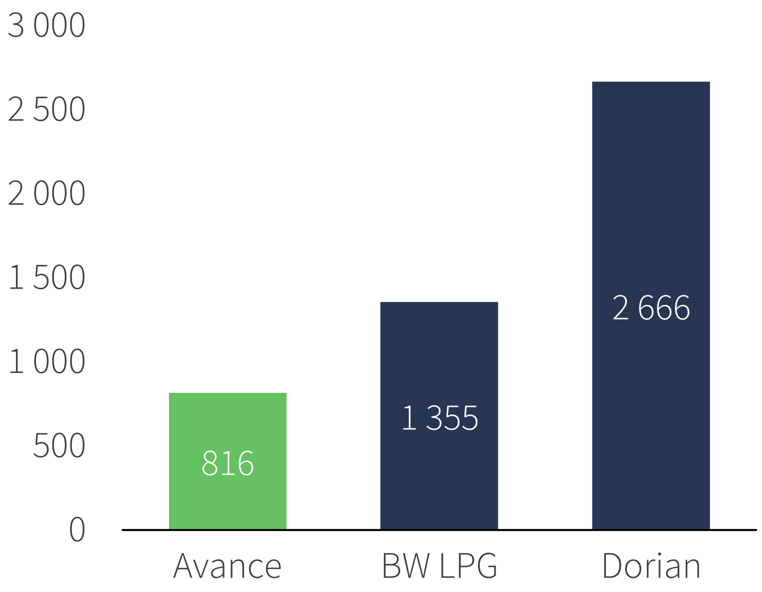
Average fleet age*



Scrubber and dual fuel penetration*



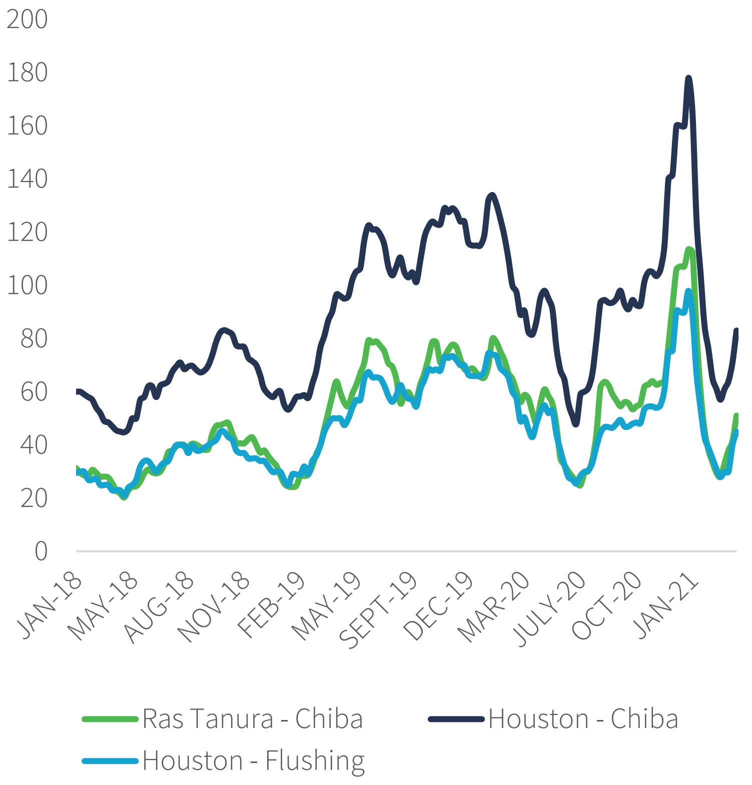
G&A / vessel / day ($)**



**) Including 6 Avance Gas newbuilds*
***) Based on general and administrative expenses for the year ended 31.12.2020 and # of vessels on the water at year end 2020 (including TC-in vessels)*
Source: Company websites, DNB Markets Equity Research

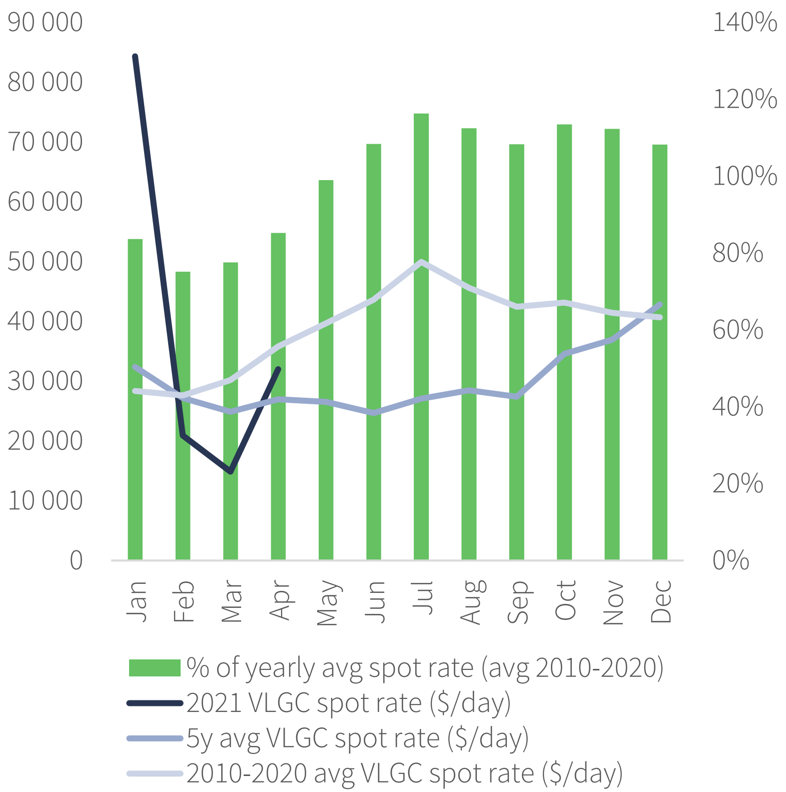
STRONG SPOT RATES GOING INTO THE SUMMER SEASON

Freight Rates 2018 – YTD 2021 US$/ton



Source: Clarksons SIN

VLGC spot rate seasonality



- Returning Asian demand and propane price spreads
- Freight rates in March 2021, 17% above the March average for the last five years
- Improving US export fundamentals coupled with strong demand pull from higher oil prices, led to a short-lived seasonal weakness this year
- Propane forward prices point towards strong freight rate development heading into the summer

COMPELLING MARKET FUNDAMENTALS

Supply

- Moderate orderbook and aging fleet
- 14% of global fleet above 20 years
- 20-25% of fleet to dry dock annually in 2020-22

Production and demand

- Increased US exports for 2021 and improving arbitrage fundamentals
- Oil price rebound expect to increase US production forecast
- Increasing demand in India, China and South Korea

Avance Gas outlook

- TCE rate Q1 2021 of $37,000-38,000/day discharge to discharge, with significant operating leverage in to the summer season
- Strong fundamentals and fully tradeable fleet creating significant cash flow potential
- Plans to increase newbuilding program from four to six dual fuel 91k VLGCs with superior earnings power, taking an important step towards de-carbonisation and contributing to a greener shipping industry

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MARKET UPDATE

LPG - A CLEAN AND VERSATILE FUEL

LPG has lower greenhouse emissions than any other fossil fuel

50% FEWER CARBON EMISSIONS THAN COAL

20% FEWER CARBON EMISSIONS THAN HEATING OIL

LPG saves lives

Over four million people die prematurely from illness attributable to household air pollution from cooking with solid fuels

LPG

COULD SAVE

240 million
Households converted

2.37 million
Hectares of forest

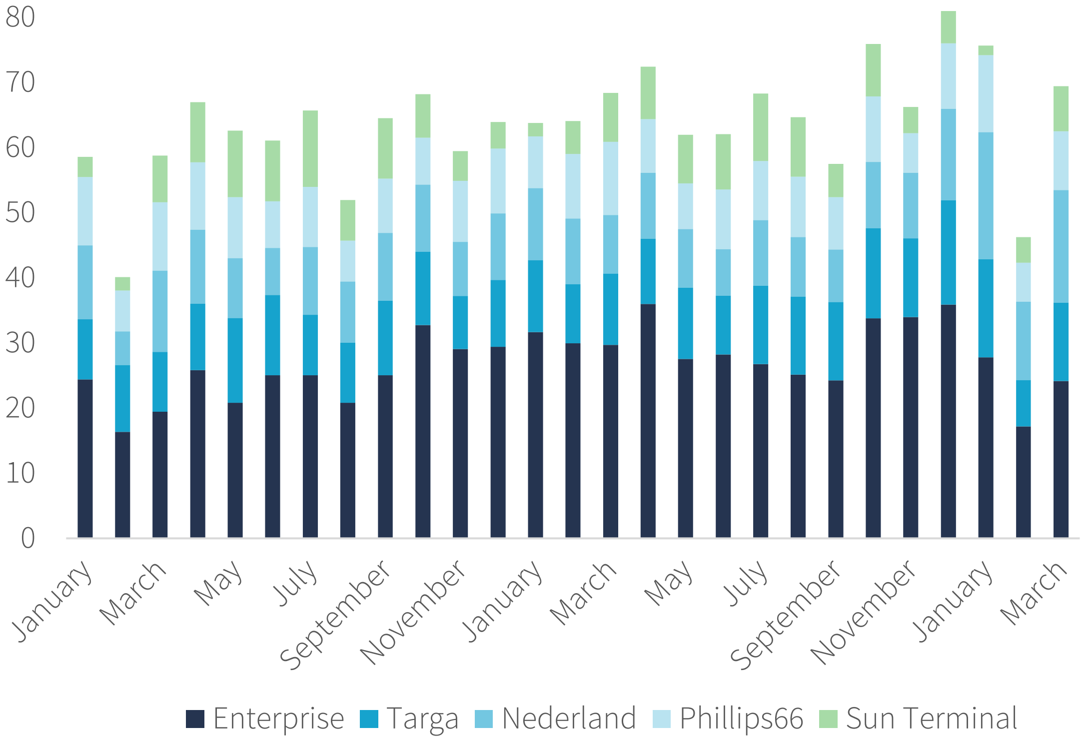
25 million vehicles

There are over 25 million autogas vehicles in use today which makes it the most popular alternative fuel. Several cities have mandated the use of autogas for busses and taxis to address pollution

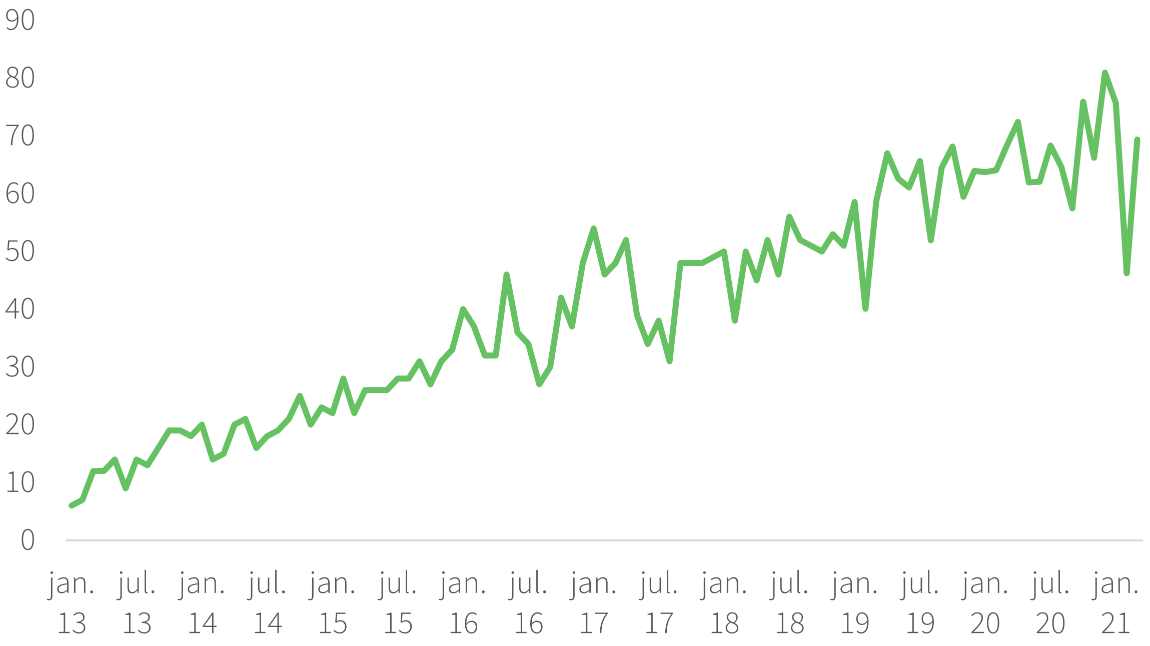
Source: The World LPG Association

STRONG US EXPORT IN Q1 2021

US VLGC Liftings 2019 - YTD 2021



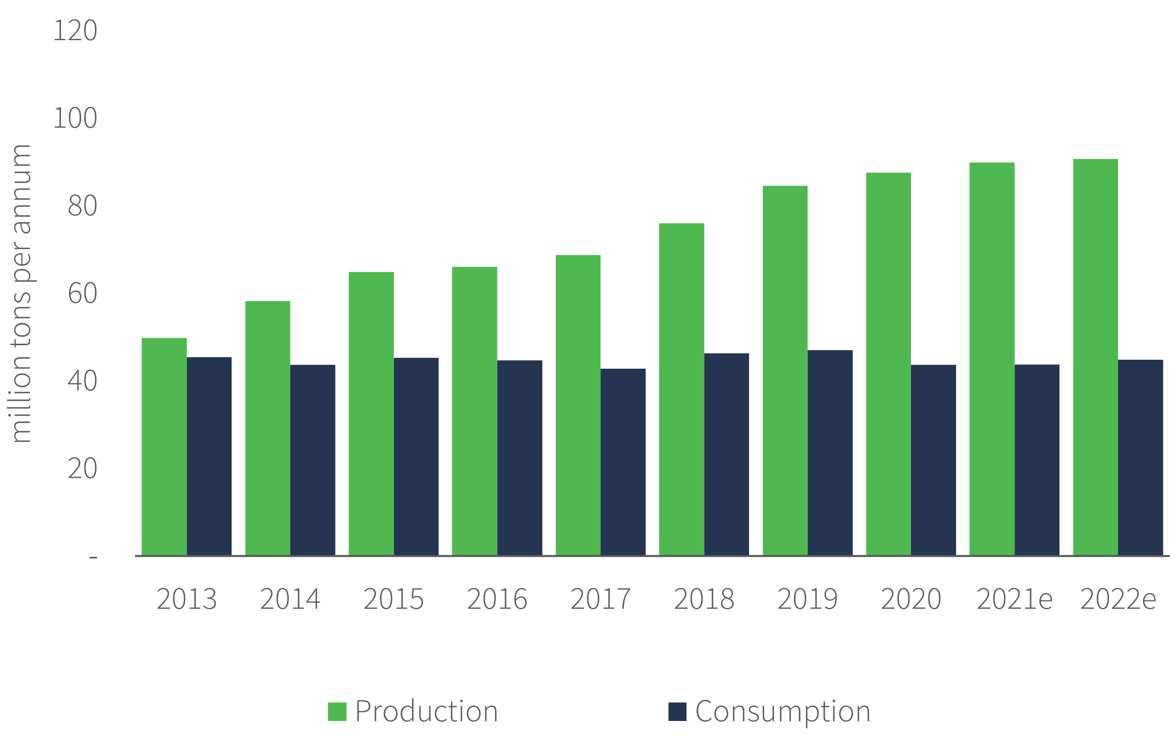
US VLGC Liftings 2013 - YTD 2021



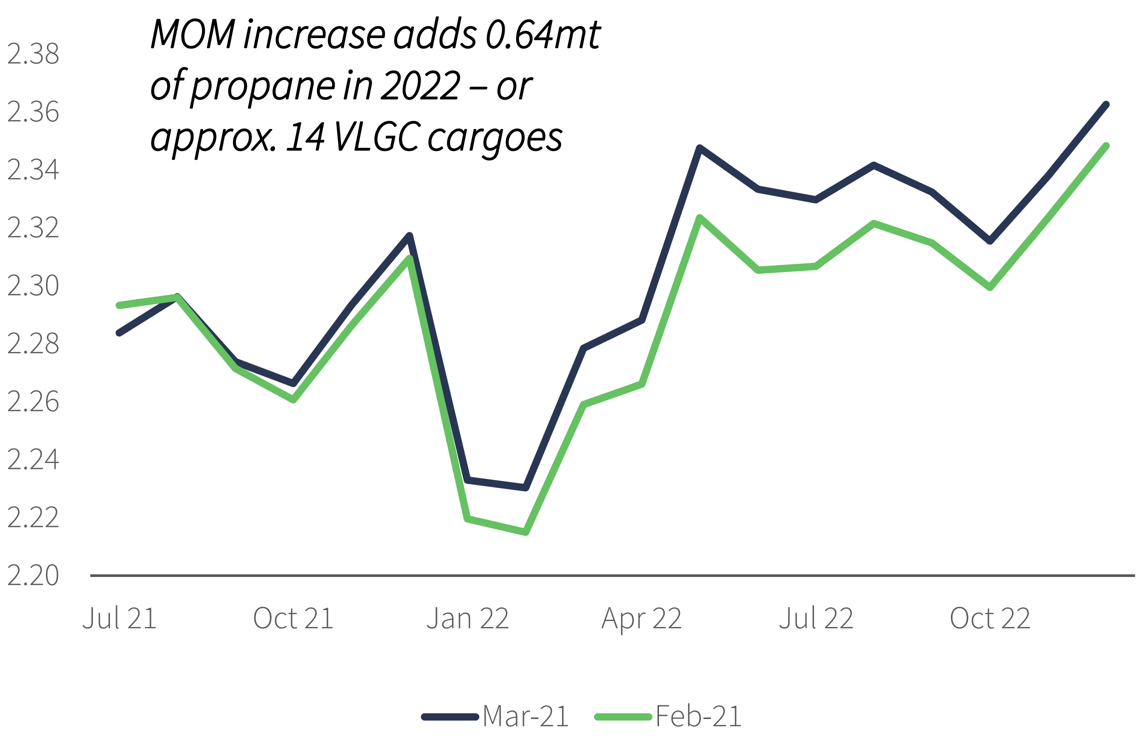
Source: IHS Markit

EIA'S US LPG PRODUCTION REVISED UP ON INCREASED OIL PRICE

EIA's forecasted US propane production



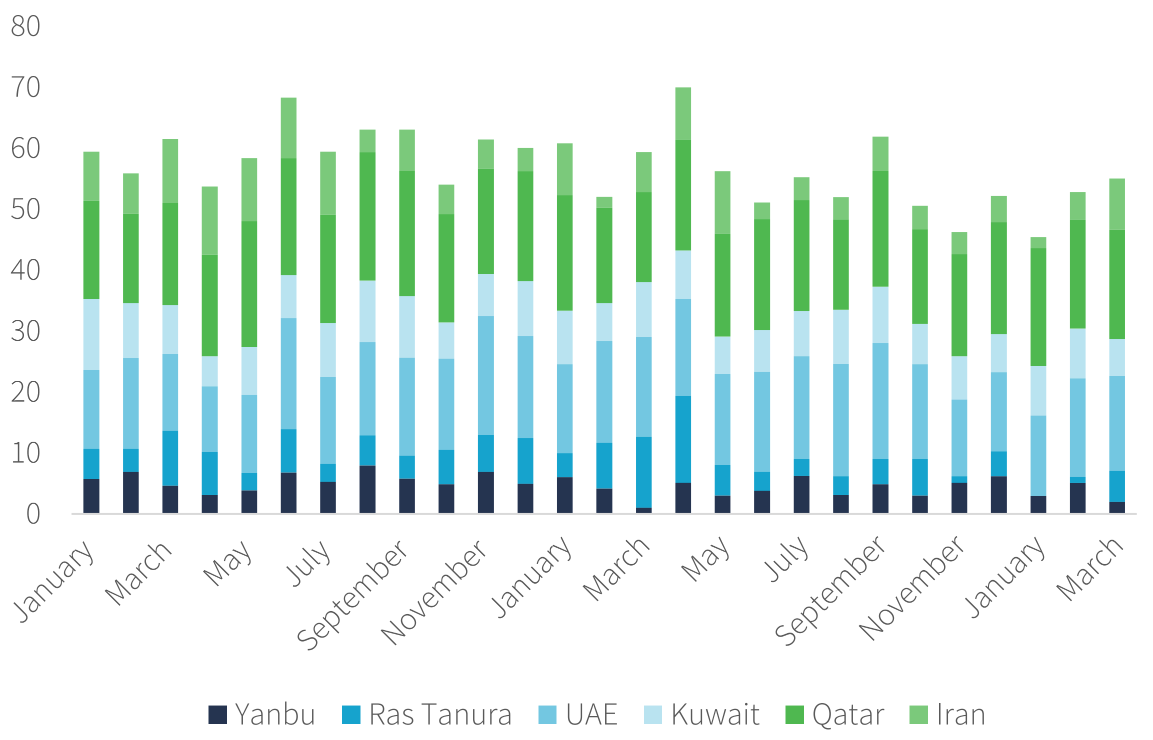
EIA's forecasted US propane production (in mbpd)



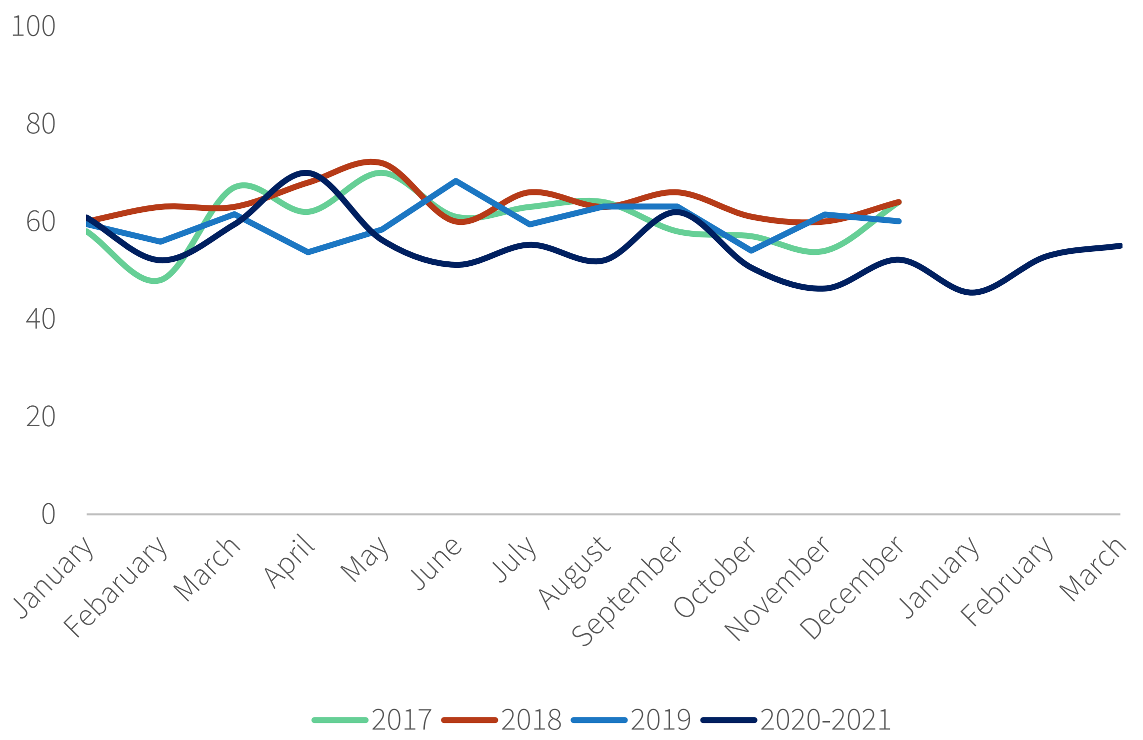
Source: EIA

M.E. EXPORTS EXPECTED TO RISE FOLLOWING OPEC REVERSAL

VLGC Liftings Middle East by Country



of VLGC Liftings Middle East 2017-2021 YTD



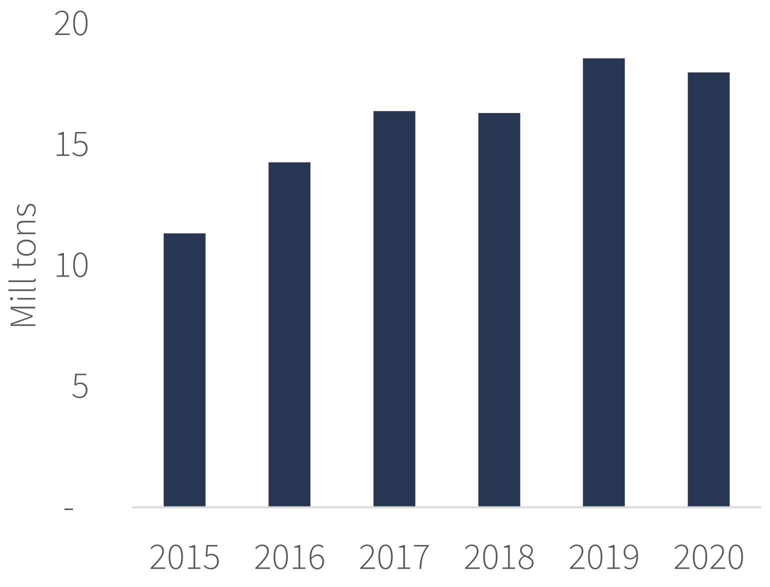
Source: IHS Markit

GROWTH IN ASIAN LPG DEMAND EXPECTED TO CONTINUE

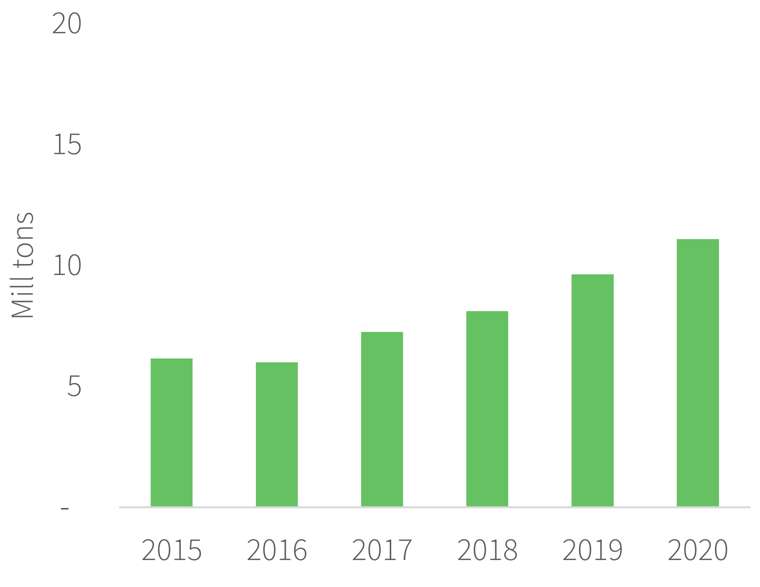
PDH and industrial

Cooking / heating – residential

VLGC Imports China



VLGC Imports India

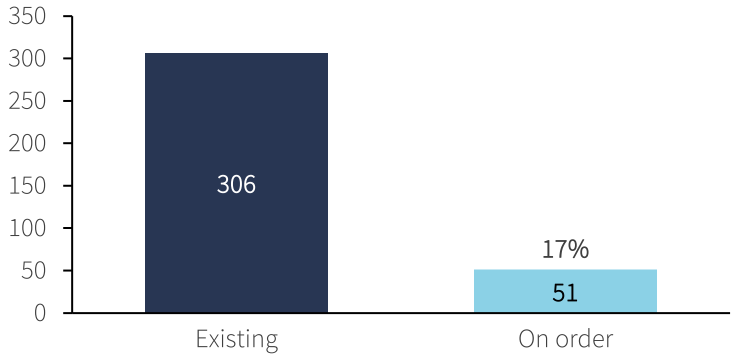


- ~80% of global demand in Asia
- ~70% of Asian demand is non industrial
- India and Indonesia imports up by 15-20% year-on-year
- 2mmts + new PDH demand

Source: Fearnleys, IHS Markit

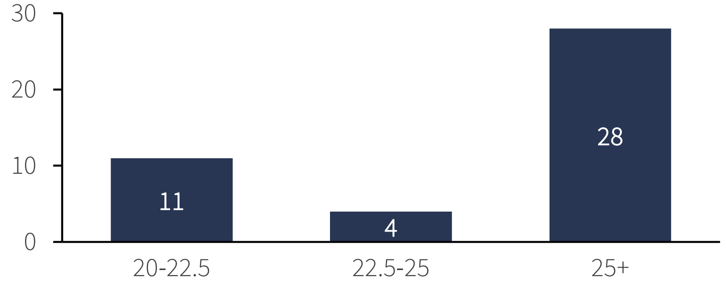
MODERATE VLGC ORDERBOOK AND AGING FLEET

Fleet and Orderbook



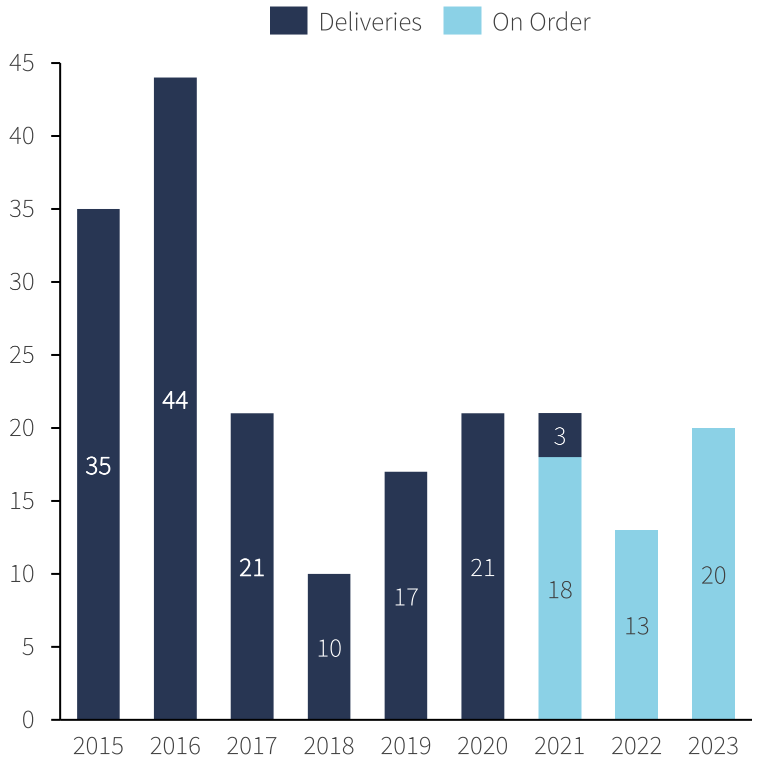
Number of VLGCs, 20 years and older

43 ships older than 20 years



Source: Clarksons SIN

VLGC orderbook



- Moderate new ordering
- ~20-25% of fleet to drydock p.a. in 20-22
- 43 ships older than 20 years with 28 being older than 25 years
- Special surveys and LPG retrofit

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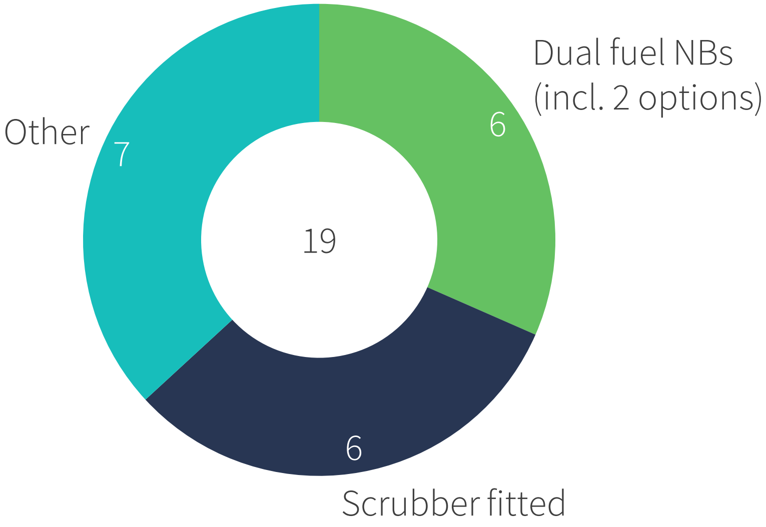
COMPANY UPDATE

ENERGY EFFICIENT FLEET WITH SUPERIOR EARNINGS POWER

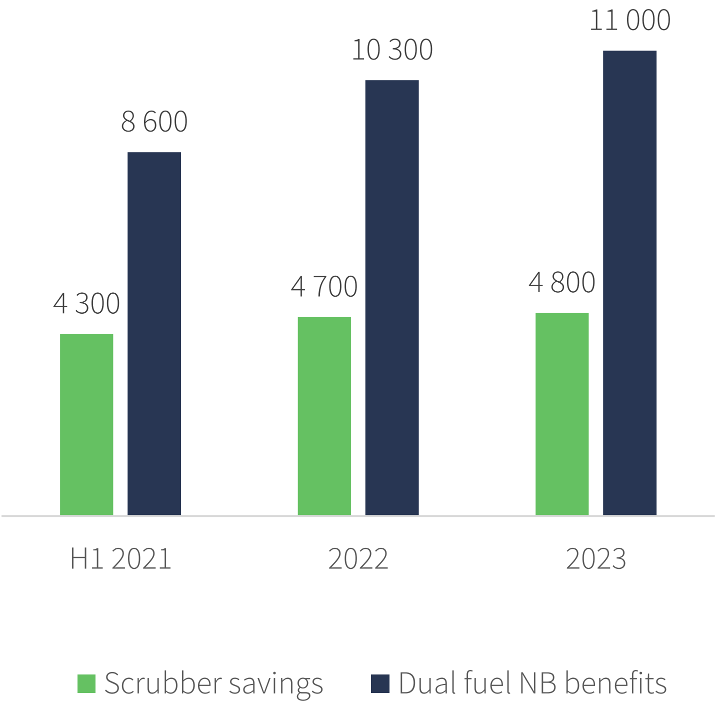
Modern and Energy Efficient Fleet…

Avance Gas fleet composition (# of vessels



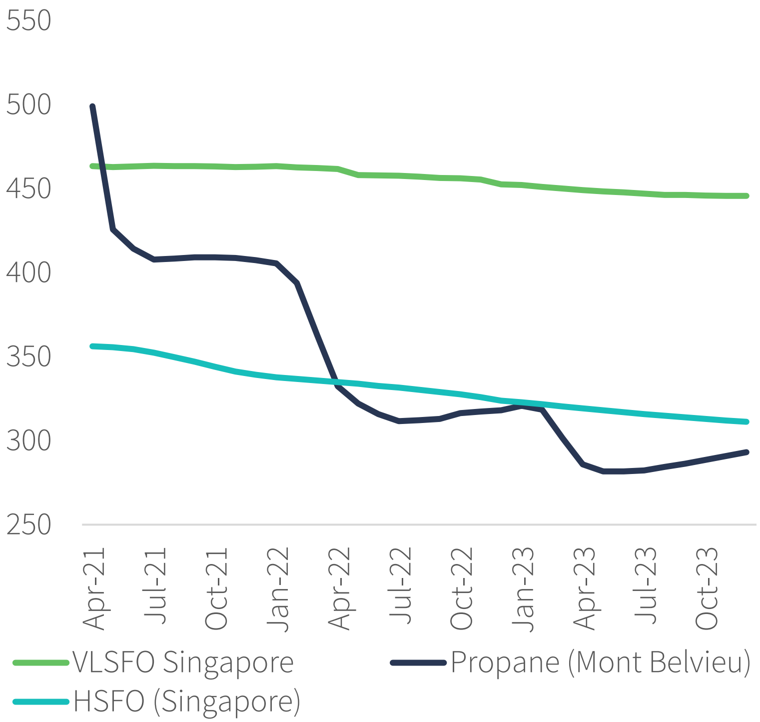
…with superior earnings power*…

Premium vs non-eco VLGC ($/day)



…at relevant forward curves

$ / tons



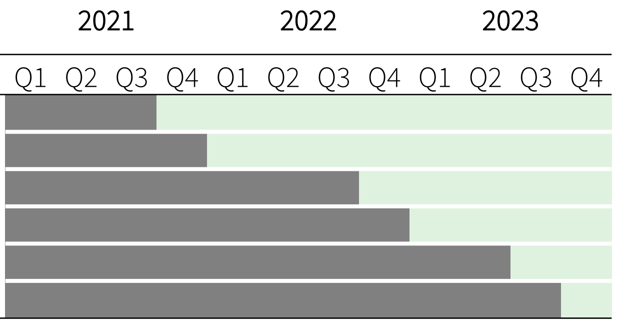
**) Premium for dual fuel based on Houston - Chiba via Panama Canal, 57 days roundvoyage, 320 seadays/year, average yearly consumption (365 days) 10y old VLGC 36.4m tonnes/day compared to duel fuel newbuild of 25.8m tonnes/day, 2022 forward price propane (Mont Belvieu) of USD335/tonne vs VLSFO $459/tonne, extra cargo intake of 4,820 tonnes at current Houston-Chiba freight rate of $82/tonne. 1/3 of higher order intake utilised. Premium for scrubber benefits based on Houston - Chiba via Panama Canal, 57 days round voyage, 320 seadays/year, average yearly consumption (365 days) 10y old VLGC 36.4m tonnes/day, 2022 forward price VLSFO (Singapore) of $459/tonne vs HSFO (Singapore) $331/tonne*

Source: Bloomberg

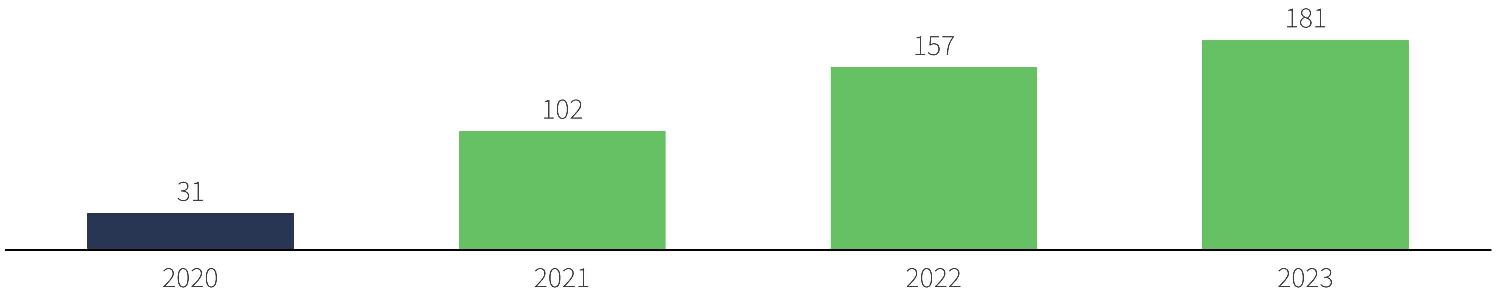
6X HIGHLY ATTRACTIVE DUAL FUEL VLGC NEWBUILDINGS

Delivery schedule and instalment profile

#	CBU	Yard	Average purchase price ($m)	Delivery	Status
1	91k	Daewoo (DSME)	78.9	Nov-21	On order
2	91k	Daewoo (DSME)	78.9	Feb-22	On order
3	91k	Daewoo (DSME)	78.9	Nov-22	On order
4	91k	Daewoo (DSME)	78.9	Feb-23	On order
5	91k	Daewoo (DSME)	78.9	2H-2023	Option
6	91k	Daewoo (DSME)	78.9	2H-2023	Option



Capex program, including options ($m)



Comments

- Commitment for a total of four newbuild VLGCs scheduled for delivery from Q4 2021 to Q1 2023 and plans to exercise additional two options with delivery in H2 2023
- With $31m already paid, total remaining capex is $442m (including 2 options)
- 65% debt financing assumed at delivery
- Early financing discussions for the two first newbuildings highlighting strong support

FINANCIAL HIGHLIGHTS Q4 2020

In $ thousands (unless stated otherwise)	Three months ended	Three months ended
Income Statement	31-Dec-2020	30-Sep-2020
TCE earnings	41,260	24,494
Operating expenses	(11,265)	(11,830)
A&G expenses	(839)	(930)
Depreciation and amortisation expenses	(10,877)	(10,120)
Non-operating expenses	(5,088)	(5,183)
Net profit	46,839	2,260
Net profit adjusted for reversal of impairment	13,106	-
Earnings per share (diluted) ($)	0.73	0.04
Earnings per share adjusted for reversal of impairment	0.21	-
Balance Sheet	31-Dec-2020	30-Sep-2020
Total assets	897,238	853,553
Total liabilities	444,668	450,583
Cash and cash equivalents	75,882	77,633
Total shareholders' equity	452,570	402,970
Cash Flows	31-Dec-2020	30-Sep-2020
Net cash from operating activities	17,370	3,809
Net cash (used in) from investing activities	(18,521)	18,702
Net cash used in financing activities	(688)	(29,298)
Net decrease in cash and cash equivalents	(1,839)	(6,850)

Key performance indicators ($/day):**	31-Dec-2020	30-Sep-2020
TCE (Discharge to discharge)	40,759	23,283
TCE (IFRS 15)	36,130	21,524
Operating expense ('OPEX')	9,419	9,256
Administrative and general expenses ('A&G')	701	728

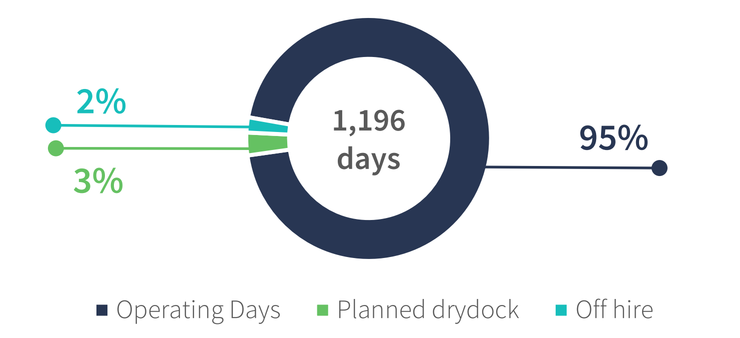
*) Abbreviations: TCE = time charter equivalent, TC = Time Charter, LPG = Liquefied petroleum gas, VLGC s= Very Large Gas Carrier

**) TCE calculated basis operating days. OPEX and A&G calculated basis calendar days. Operating days is calendar days less offhire/drydock days. Waiting days are included in operating days.

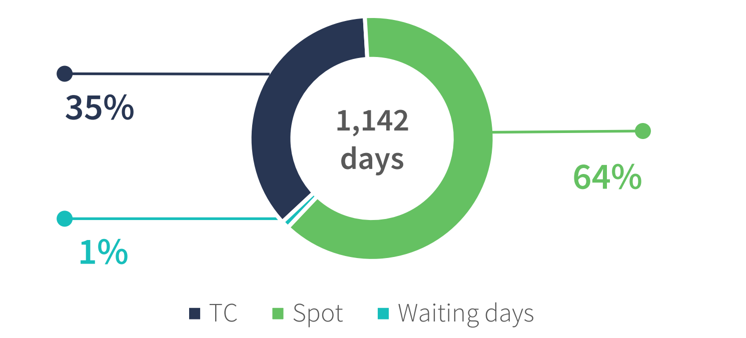
- TCE* $40,759/day on a discharge to discharge basis and 99% commercial utilisation for the fleet in Q4
- TC* coverage 35% in 4Q 2020 at an average TCE rate of ~$31,000/day
- Entered into shipbuilding contracts for two 91,000 cbm, LPG* Dual Fuel VLGCs* for delivery Q4 2022 and Q1 2023
- Equity ratio of 50.4%
- Board announced a dividend of $0.11/share

OPERATING AND COMMERCIAL UTILIZATION

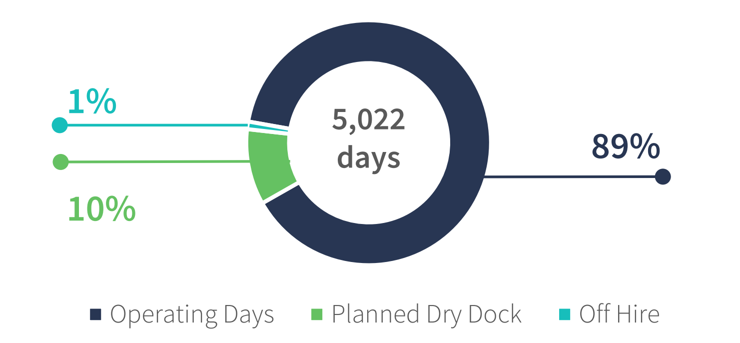
Operating days Q4 2020



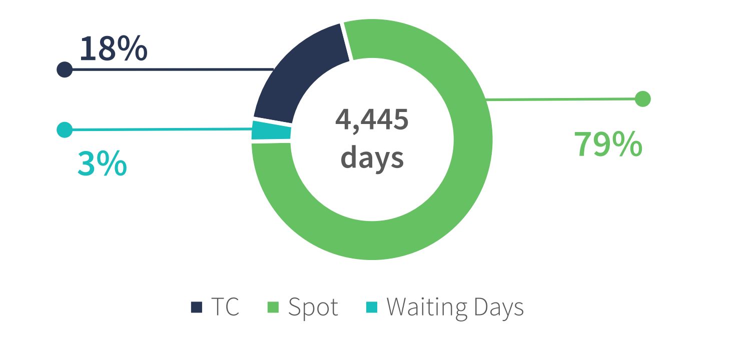
Commercial utilization Q4 2020



Operating days FY 2020



Commercial utilization FY 2020

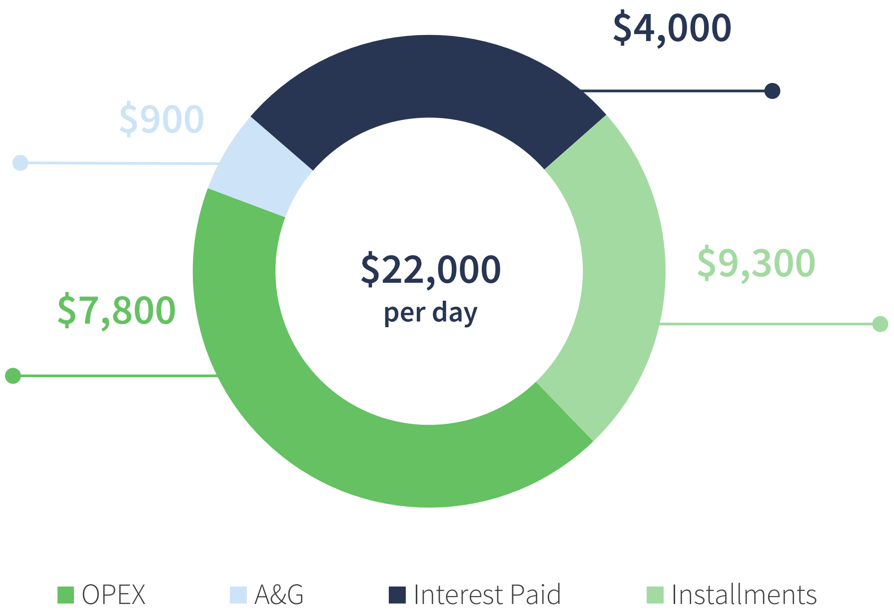


- 99% commercial utilisation for the fleet in Q4, and 97 % utilisation for the year
- Dry docking program fully completed
- Technical manager change fully completed
- 5/6 scrubber installations completed
- Offhire impacted by Corona virus

**Operating days is calendar days less offhire/drydock days. Waiting days are included in operating days.*

FY 2021 – ESTIMATED CBE AND OUTLOOK

Estimated CBE* ($/day) FY ** 2021



*) CBE = Cash break-even
'**) FY = Financial year

Outlook – 2021

- No schedule dry dockings – fully tradeable fleet
- TC coverage of 25% at an average rate of $30,000/day
- Strong long term fundamentals and significant free cash flow generation potential
- Enhancing the green profile of the Avance Gas fleet while increasing its competitiveness with adding six dual fuel VLGCs to the fleet

ESG REPORTING

Shipping industry and emissions

ESG reporting

Avance Gas

- Avance Gas has set up an ESG reporting framework, including climate accounting, based on internationally recognized standards and methodologies

SASB | IMO International Maritime Organization | The Global Compact | POSEIDON PRINCIPLES | GREENHOUSE GAS PROTOCOL

- Three UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING | 14 LIFE BELOW WATER | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

RISK FACTORS

RISK FACTORS (I/XI)

An investment in the Offer Shares involves inherent risk. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Presentation. The risks and uncertainties described below are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Offer Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Offer Shares, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned herein could materialise individually or cumulatively. This information is as of the date of this Presentation.

<u>1. Risks related to the industry in which the Group operates</u>

The Group's business, financial condition and results of operations depend on the level of activity in the LPG industry

The Group's financial performance depends on the continued growth in global and regional shipments of liquefied petroleum gas ("LPG"). The level of activity in the LPG industry is affected by a number of factors, including, but not limited to the following factors:

- *Worldwide demand for and production of LPG;*
- *Increase in the cost of LPG relative to the cost of naphtha and other competing feedstocks;*
- *The availability of additional sources of LPG closer to the areas of LPG consumption (reduction in tonne-miles);*
- *The availability of alternative energy sources;*
- *Expectations regarding future energy prices;*
- *Government laws and regulations, including environmental protection laws and regulations;*
- *Weather conditions;*
- *Political and military conflicts;*
- *Negative global or regional economic or political conditions, particularly in LPG consuming regions, which could reduce energy consumption or growth in energy consumption; and*
- *Technological changes that could make other sources of energy more competitive than LPG.*

If the demand for LPG products and LPG shipping does not grow, or decreases, the Group's business, cash flows, financial condition, results of operations and/or prospects could be materially and adversely affected.

A worsening in global economic conditions could materially and adversely affect the Group's business, financial condition and results of operations

Demand for LPG products fluctuates with changes in global economic activity, which in turn affects demand for LPG ships. Slowdowns in global economic activity, such as the ongoing Covid-19 pandemic, and particularly in LPG consuming regions, may materially and adversely impact the LPG industry, including, among other things:

RISK FACTORS (II/XI)

- *Reducing the demand for LPG products and LPG shipping and hence charter rates or the availability of new charters for ships;*
- *Decreasing the market values of ships;*
- *Reducing the availability of financing for ships; and*
- *Reducing the liquidity in an already slow second-hand market for the sale of ships.*

Any of the above events could materially and adversely affect the Group's business, cash flows, financial condition, results of operations and/or prospects.

The state of the global financial markets may materially and adversely impact the Group's ability to obtain financing

A worsening in the credit markets may have a material adverse effect on the Group's ability to obtain additional financing on favourable terms or at all, and could have a material adverse effect on the Group's business, cash flows, financial condition, results of operations and/or prospects, and may also negatively impact the Group's operations by affecting the solvency of its suppliers and/or customers, which could lead to disruptions in the delivery of supplies, cost increases for supplies, accelerated payments to suppliers, customer bad debts or reduced revenues.

A large increase in the number of VLGCs on order could lead to an increase in the global VLGC fleet, which may lead to a reduction in LPG freight rates and have a material adverse impact on the Group's business, financial condition and results of operations

If the number of LPG ships delivered exceeds the number of ships being recycled, the global ship capacity will increase. If the demand for ships does not increase correspondingly with the future increase in the number of ships, freight rates and ship utilisation could materially decline. Lower utilisation and freight rates due to an over-supply of LPG ships could have a material adverse effect on the Group's business, cash flows, financial condition, results of operations and/or prospects. Prolonged periods of low utilisation and charter hire, which the LPG market has experienced in the past, could also have a material adverse effect on the value of the Group's ships.

Competition within the LPG shipping industry could have a material adverse effect on the Group's ability to market its services

The Group's ships are employed in a highly competitive market that is capital intensive and fragmented. Competition for charters is intense, and at times the Group may potentially compete against other ship owners who have greater resources than the Group. Competition for LPG shipping depends on price, location, size, age, condition and the acceptability of the ship and its operators to prospective charterers. Due in part to the fragmented nature of the market, competitors with greater resources could enter and operate larger fleets that may be able to offer lower charter rates and higher quality ships than the Group is able to offer. The Group's operations may be materially and adversely affected if its current competitors or new market entrants introduce new offerings with better features, performance, prices or other characteristics than the Group can offer.

Increases in bunker fuel prices and other operating costs may significantly increase the Group's operating costs

In accordance with industry practice, the Group is responsible for voyage expenses, including bunker fuel costs, when operating its LPG ships. Increases in the cost of bunker fuel are subject to a number of economic, natural and political factors affecting the level of crude oil prices in global markets that are beyond the Group's control, including worldwide demand and supply imbalances, political instability and natural disasters in oil-producing regions. An increase in the cost of bunker fuel could significantly increase operating costs for the Group's ships, which could have a material adverse effect on the Group's results of operation to the extent that it is not able to increase its freight rates to recover bunker fuel cost increases from its customers. Other operating expenses, such as for example crew costs, may also fluctuate and affect the Group's profitability.

Charter rates may fluctuate substantially and if rates stay low for a prolonged period, the Group's revenues and cash flows may be adversely affected

The Group operates its ships predominantly in the spot market where charter rates and cargo availability fluctuates significantly and where seasonality can adversely impact the Groups earnings from time to time. Being dependent on the spot market may leave the Group particularly vulnerable to short or long term swings in the freight market.

The spot charter market may fluctuate significantly based upon LPG supply and demand. In addition, VLGC spot rates are highly seasonal. The successful operation of the Group's ships in the competitive and highly volatile spot market depends on, among other things, obtaining profitable spot charters, which depends greatly on ship supply and demand, and minimising, to the extent possible, time spent waiting for charters and time spent travelling unloaded to pick up cargo.

If charter rates are low when the Group is seeking a new charter, it may only be able to enter into new charters at unprofitable rates. Prolonged periods of low charter hire rates or low ship utilisation could also have a material adverse effect on the value of the Group's ships.

RISK FACTORS (III/XI)

The Group may not be able to obtain supplies and services when needed, at an acceptable cost, or at all

The Group relies, and will in the future rely, on a significant supply of consumables, spare parts and equipment to operate, maintain, repair and upgrade its fleet of ships. Cost increases, delays or unavailability could negatively impact the Group's operations and result in down-time due to delays in the repair and maintenance of the Group's ships.

The Group's operations may be affected by political, governmental and economic instability which may adversely affect the Group's business

The Group's operations may be affected by political, governmental and economic conditions, such as trade wars, in countries where the Group engage in business. Any disruption caused by these factors could adversely affect the Group's business, including by reducing the levels of oil and gas exploration, development and production activities in these areas. In addition, political instability, trade wars, terrorist or other attacks, war or international hostilities may contribute to further world economic instability and uncertainty in global financial markets, which may adversely affect the LPG industry and the Group's business. In particular, terrorist attacks, or the perception that LPG facilities and carriers are potential terrorist targets, could materially and adversely affect expansion of LPG infrastructure and LPG shipping.

2. Risks related to the Group

The Group may not be able to successfully implement its strategies

The Group's strategy is to contribute to consolidation of the VLGC industry; grow the fleet; have a chartering strategy focused on spot market exposure; and maintain a strong balance sheet with attractive financing terms. Maintaining and expanding the Group's operations and achieving its other objectives involve inherent costs and uncertainties and there is no assurance that the Group will achieve its objectives or other anticipated benefits. Further, there is no assurance that the Group will be able to undertake the contemplated activities within its expected time frame, that the cost of any of the Group's objectives will be at expected levels or that the benefits of its objectives will be achieved within the expected timeframe or at all. The Group's strategy may also be affected by factors beyond its control, such as the speed of the economic recovery in its market and the availability of acquisition opportunities in the market. Any failures, material delays or unexpected costs related to implementation of the Group's strategies, including the amount already invested, could have a material adverse effect on its business, financial condition, results of operations, cash flows and/or prospects.

Due to the Group's undiversified exposure towards the LPG market, adverse developments in the LPG shipping industry would have a significantly greater impact on the Group's financial condition, results of operations and cash flows than if the Group maintained a more diverse fleet of ships

The Group relies exclusively on the cash flow generated from spot trades and charters for its LPG ships. Due to the Group's lack of diversification, an adverse development in the LPG shipping industry would have a significantly greater impact on the Group's business, financial condition, results of operations, cash flows and/or prospects than if the Group maintained a more diverse fleet of ships.

The Group's earnings and business are subject to risk caused by counterparties in contracts, including credit risk, and failure and misrepresentation of such counterparties causing them not to meet their obligations could cause loss to the Group or otherwise materially and adversely affect the business of the Group

The ability of each counterparty to perform its obligations under a contract with the Group will depend on a number of factors that are beyond the Group's control and may include, among other things:

- *General economic conditions;*
- *The condition of the maritime and other industries to which the counterparty is exposed;*
- *The overall financial condition of the counterparty;*
- *Charter rates received for specific types of ships; and*
- *Various expenses.*

The Group's ships may from time to time be chartered out on time charters. In depressed market conditions, charterers may no longer need a ship that is currently under time charter or may be able to obtain a comparable ship at lower rates. As a result, charterers may seek to re-negotiate the terms of their existing time charters or avoid their obligations under those contracts. Future contracts could permit a customer to terminate its contract early subject to the payment of a termination fee. Such fee may not fully compensate for the loss sustained by the Group. Should a counterparty fail to honour its obligations under its agreements with the Group, the Group could sustain significant losses, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects. Further, the Group's shipping services are subject to the risks associated with having limited customers for its services.

RISK FACTORS (IV/XI)

The market value of the Group's current ships and those it acquires in the future may decrease, which could, among other things, cause the Group to be in non-compliance with its loan covenants or to incur losses if it decides to sell them following a decline in their market values

The market value of ships are both cyclical and volatile, and may fluctuate due to a number of different factors, including, but not limited to:

- *General economic and market conditions affecting the LPG shipping industry, including competition from other shipping companies;*
- *Availability of credit and other forms of financial liquidity;*
- *Charterers' preferences with respect to ship design, types, sizes and ages of available ships;*
- *The availability of other modes of transportation;*
- *Increases in the supply of ship capacity;*
- *Prevailing charter and freight rates;*
- *The cost of LPG newbuildings;*
- *Changes to governmental, laws and regulations, including environmental protection laws and regulations and or class rules; and*
- *The need to upgrade ships as a result of charterer requirements, technological advances in ship design or equipment or otherwise, such as IMO 2020.*

A decline in the fair market values of the Group's ships could result in the Group not being in compliance with its loan covenants.

The Group's credit facilities include covenants pursuant to which the minimum fair market value of the Group's existing fleet financed under its credit facilities shall at all times cover at least 130% of the outstanding facility amounts, in addition to a covenant under a sale leaseback agreement entered into in December 2020 pursuant to which the minimum fair market value of the vessel shall at all times cover at least 115% of the outstanding amount. Consequently, a decline in the market value of the Group's ships financed under the credit facilities may lead to a breach of such covenants, which again may lead to the Group being required to provide cash or other security to the lenders or reduce the outstanding and available amount under the facilities to restore the ratio to its required level, or to sell ships, or the lenders may accelerate the loans under the facilities. As a result, the Group's business, financial condition, results of operations, cash flow and/or prospects could be materially and adversely affected.

In addition, a decline in the fair market values of the Group's ships may result in impairment adjustments in the Group's financial statements, which would adversely affect its financial results, and if for any reason the Group find it necessary to sell any of its ships at a time when prices are depressed, the Group could incur a significant loss.

The Group may not be able to keep pace with technological developments in the LPG shipping market

Future technological developments for LPG ships may result in substantial improvements in ships equipment functions and performance. As a result, the Group's future success and profitability may be dependent in part upon its ability to:

- *Maintain existing ships and related equipment and services;*
- *Cost effectively address the increasingly sophisticated needs of its customers; and*
- *Anticipate changes in technology and industry standards and respond to technological developments on a timely basis.*

If the Group is not successful in timely responding to technological developments or changes in industry standards, on a cost-effective basis, this could have a material adverse effect on the Group's business and/or prospects.

RISK FACTORS (V/XI)

3. Risks related to the Group's operations

The Group's operating and maintenance costs may not necessarily fluctuate in proportion to changes in operating revenues

The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues. Operating revenues may fluctuate as a function of changes in supply and demand for LPG shipping services, which in turn affect charter rates. In addition, equipment maintenance costs fluctuate depending upon the type of activity the ship is performing and the age and condition of the equipment. In a situation where a ship faces longer idle periods, reductions in costs may not be immediate as some of the crew may be required to prepare ships for stacking and maintenance in the stacking period. Should ships be idle for a longer period, the Group may seek to redeploy crew members, who are not required to maintain the ships, to active units to the extent possible. However, there can be no assurance that the Group will be successful in reducing its costs.

The Group's business involves numerous operating hazards and the Group's own insurance may not be adequate to cover the Group's losses

The operations of the Group's ships are subject to hazards inherent in the industry where it operates, service down time on its ships, equipment defects, fires, explosions and pollution. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by employees, third parties or customers and suspension of operations. The operation of the Group's ships is also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, acts of piracy, abnormal conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages.

Damage to the environment could also result from the Group's operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. Although the Group carries protection and indemnity insurance, all risks may not be adequately insured against, and any particular claim may not be paid. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

The Group may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Group's business, financial condition and operating results. In addition, the Group's insurance may be voidable by the insurers as a result of certain of the Group's actions, such as the Group's ships failing to maintain certification with applicable maritime self-regulatory organisations.

The Group's insurance coverage will not in all situations provide sufficient funds to protect the Group from all liabilities and losses that could result from its operations. The amount of the Group's insurance cover may be less than the related impact on enterprise value after a loss. The Group's coverage includes policy limits. As a result, the Group retains the risk for any losses in excess of these limits. Any such lack of reimbursement may cause the Group to incur substantial losses and costs. In addition, the Group could decide to retain substantially more risk in the future. Moreover, no assurance can be made that the Group has, or will maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Group's insurance or any enforceable or recoverable indemnity from, or claim against, a third party, it could adversely affect the Group's business, financial position, results of operations, cash flows and/or prospects.

The Group's ships are exposed to technical risk and down-time or off-hire

In respect of both the ships operating in the spot market and the ships from time to time chartered out under time charter arrangements, the Group carries the costs and risks of operational and technical problems. In respect of ships operating in the spot market, ship down-time could increase the Group's costs and will reduce its earnings. In respect of ships chartered out under time charter arrangements, ship down-time may result in increased costs, as well as off-hire (i.e. non-payment of daily charter hire under the time charter). Any ship down-time or off-hire could adversely affect the Group's business, financial condition, results of operations, cash flows and/or prospects.

Failure to secure future employment for the Group's ships could have a material adverse effect on the Group's results of operation, cash flow and financial condition

No assurance can be given as to whether future employment for the Group's ships can be secured on terms, rates and with charterers, which are acceptable. Failure to secure future employment for the Group's ships could have a material adverse effect on the Group's business, results of operation, cash flows, financial condition and/or prospects.

RISK FACTORS (VI/XI)

The required maintenance and dry-docking of the Group's ships could be more expensive and time consuming than originally anticipated

Maintenance and dry-dockings of the Group's ships require significant capital expenditures and result in loss of revenue while such ships are out of service. Any significant increase in either the number of days ships are out of service due to such maintenance or dry-dockings or in the costs of any repairs carried out could have a material adverse effect on the Group's profitability and cash flows. The Group may not be able to precisely predict the time required to maintain or dry-dock any of its ships and unanticipated problems may arise. General increases in demand for dry-docking services in the shipping industry could result in increased costs, delays or unavailability related to dry-docking for the Group's ships. If a ship is dry-docked longer than expected or if the cost of repairs or maintenance is greater than budgeted, the Group's results of operations, financial condition and cash flows could be materially and adversely affected. Generally, ships dry-dock every five years. Avance Gas has during the course of 2020 drydocked eight ships, as scheduled.

Failure to obtain or retain highly skilled personnel could have a material adverse effect on the Group's operations

The successful development and performance of the Group's business depends on the Group's 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 the Group's business and operations. Obtaining charters with leading industry participants depends on a number of factors, including the ability to man ships with suitably experienced, high-quality masters, officers and crews. In recent years, the limited supply of and increased demand for well-qualified crew has created upward pressure on crewing costs, which the Group bears both in respect of its ships operating in the spot market and its ships that from time to time are chartered out under time charters. Increases in crew costs may adversely affect the Group's profitability. In addition, if the Group cannot retain sufficient numbers of quality on-board seafaring personnel, the Group's fleet utilisation will decrease, which could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

The Group may face labour disruptions that could interfere with its operations and have a material adverse effect on the Group's business, financial condition, result of operations, cash flows and/or prospects

If not resolved in a timely and cost-effective manner, industrial action or other labour unrest could prevent or hinder the Group's operations from being carried out normally and could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

The Group uses information technology systems to communicate with its ships and conduct its business, and disruption, failure or security breaches of these systems could materially and adversely affect its business and results of operations

The Group uses information technology ("IT") systems in order to communicate with its ships and achieve its business objectives. The Group uses industry accepted security measures and technology such as access control systems to securely maintain confidential and proprietary information maintained on its IT systems, and market standard virus control systems. However, the Group's portfolio of hardware and software products, solutions and services and its enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond its control, such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, cyber-attacks or other malicious software programmes. The failure or disruption of the Group's IT systems to perform as anticipated for any reason could disrupt the Group's business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, down-time, litigation, and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on the Group's business and results of operations.

The ageing of the Group's fleet may result in increased operating costs in the future and a less competitive fleet

In general, the cost of maintaining a ship in good operating condition increases with the age of the ship. As the Group's fleet ages, the Group will incur increased costs. Older ships are typically less fuel efficient and more costly to maintain than more recently constructed ships due to gradual improvements in engine technology and other design features. Cargo insurance rates increase with the age of a ship, making older ships less desirable to spot customers and charterers. Governmental regulations and safety or other equipment standards related to the age of ships may also require expenditures for alterations or the addition of new equipment to the Group's ships and may restrict the type of activities in which the Group's ships may engage. The Group cannot assure that, as the Group ships age, market conditions will justify those expenditures or enable the Group to operate its ships profitably during the remainder of their useful lives.

Avance Gas is a holding company and is dependent upon cash flow from subsidiaries to meet its obligations

The Group currently conducts its operations through, and most of the Group's assets are owned by, Avance Gas' subsidiaries. As such, the cash that the Group obtains from its subsidiaries is the principal source of funds necessary to meet its obligations. Contractual provisions or laws, as well as the Group's subsidiaries' financial condition, operating requirements, restrictive covenants in its debt arrangements and debt requirements, may limit the Group's ability to obtain cash from subsidiaries that it requires to pay its expenses or meet its current or future debt service obligations.

The inability to transfer cash from the Group's subsidiaries may mean that the Group may not be permitted to make the necessary transfers from its subsidiaries to meet its obligations. A payment default by the Group, or any of the Group's subsidiaries, on any debt instrument would have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

RISK FACTORS (VII/XI)

The Group's financial condition may be materially and adversely affected if the Group fails to successfully integrate acquired assets or businesses, or is unable to obtain financing for acquisitions on acceptable terms

The Group believes that acquisition opportunities may arise from time to time, and that any such acquisition could be significant. At any given time, discussions with one or more potential sellers may be at different stages. However, any such discussions may not result in the consummation of an acquisition transaction, and the Group may not be able to identify or complete any acquisitions or make assurances that any acquisitions the Group makes will perform as expected or that the returns from such acquisitions will support the investment required to acquire or develop them. The Group cannot predict the effect, if any, that any announcement or consummation of an acquisition would have on the trading price of the Shares.

Any future acquisitions could present a number of risks, including:

- *The risk of using management time and resources to pursue acquisitions that are not successfully completed;*
- *The risk of failing to identify material problems during due diligence;*
- *The risk of over-paying for assets;*
- *The risk of failing to arrange financing for an acquisition as may be required or desired;*
- *The risk of incorrect assumptions regarding the future results of acquired operations;*
- *The risk of failing to integrate the operations or management of any acquired operations or assets successfully and timely; and*
- *The risk of diversion of management's attention from existing operations or other priorities.*

In addition, the integration and consolidation of acquisitions requires substantial human, financial and other resources, including management time and attention, and may depend on the Group's ability to retain the acquired business' existing management and employees or recruit acceptable replacements. Ultimately, if the Group is unsuccessful in integrating any acquisitions in a timely and cost-effective manner, the Group's business, financial condition, results of operations, cash flows and/or prospects could be materially and adversely affected.

Seasonal fluctuations could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows

The export volumes coming out of the Middle East LPG market, which has historically been the Group's primary market, have traditionally been lower during the late fourth and the beginning of the first calendar quarters than at other times of the year. This is mainly because of lower production in combination with somewhat higher local demand. Due to US Gulf increasing its share in global exports, the last years have seen lower exports in the second and third quarters, and hence the historical seasonal patterns have become less clear.

4. Risks related to laws, regulations and litigation

The Group may be subject to litigation and disputes that could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows

The Group may in the future be involved from time to time in litigation and disputes. The operating hazards inherent in the Group's business may expose the Group to, amongst other things, litigation, including personal injury litigation, environmental litigation, contractual litigation with customers, intellectual property litigation, tax or securities litigation, and maritime lawsuits including the possible arrest of the Group's ships, as well as other litigation and disputes that arises in the ordinary course of business.

The Group is currently not involved in any litigation and disputes. However, it may in the future be involved in litigation matters from time to time. Avance Gas cannot predict with certainty the outcome or effect of any claim or other litigation matter. The ultimate outcome of any litigation matter and the potential costs associated with prosecuting or defending such lawsuits and claims, including the diversion of the management's attention to these matters, could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

Laws and regulations could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for its services and restrict its ability to operate its ships or otherwise

The Group is subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business. The operation of the Group's ships is subject to government oversight and regulation in the form of international conventions, sanctions, national, state and local laws and regulations in force in the jurisdictions in which the ships operate, as well as in the country or countries of their registration. Because such conventions, laws and regulations are often revised, the Group cannot predict the ultimate cost of complying with such conventions, laws and regulations or the impact thereof on the re-sale prices or useful lives of the Group's ships. The Group may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to: air emissions, including greenhouse gases; the management of ballast waters; maintenance and inspection; development and implementation of emergency procedures; and insurance coverage or other financial assurance of the Group's ability to address pollution incidents. In addition, 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.

RISK FACTORS (VIII/XI)

A change in tax laws of any country in which the Group operates from time to time, or complex tax laws associated with international operations which the Group may undertake from time to time, could increase the effective tax rate of the Group

The Group will from time to time conduct operations through various subsidiaries in countries throughout the world and the Group's ships will have voyages to and from, and will call on ports, in countries throughout the world. The Group may, for example, be exposed to tax liability in countries where its ships operate, computed on the basis of a percentage of its charter revenue and the number of days spent in that country. The Group and its shareholders may also become subject to Controlled Foreign Corporations (CFC) taxation. Tax laws and regulations are highly complex and subject to interpretation and change. For example, if Norwegian shareholders control a company (i.e. directly or indirectly own or control at least 50% of the shares or the capital of the company) resident in a low tax jurisdiction, such Norwegian shareholders may be subject to Norwegian taxation according to the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations). Such taxation could apply with respect to certain of the Group's subsidiaries if the Group becomes subject to the control of Norwegian shareholders. If Avance Gas' Norwegian shareholders are subject to Norwegian CFC taxation, such Norwegian shareholders are taxed in Norway on their proportionate share of the net profits generated by the relevant foreign company, calculated according to Norwegian tax regulations.

A loss of a major tax dispute or a successful tax challenge to the Group's operating structure from time to time or other disputes related to or challenges to the Group's tax payments could result in an increase in the Group's effective tax rate

From time to time the Group's tax payments may be subject to review or investigation by tax authorities of the jurisdictions in which the Group operates from time to time. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies, the taxable presence of its subsidiaries in certain countries, or if the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, its effective tax rate could increase substantially.

Compliance with environmental laws or requirements may have an adverse effect on the Group's results of operations

The shipping industry is affected by extensive and changing international conventions and national, state and local laws and regulations governing environmental matters in the jurisdictions in which the Group's vessels operate and such vessels are registered. Such regulatory measures may include, for example, the adoption of cap and trade regimes (emission trading), carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. Recent and upcoming changes in regulatory requirements include, but are not limited to, (i) the IMO Sulphur Cap ("IMO 2020"), which provides for a significant reduction of sulphur content of the marine fuels used by certain vessels, such as the Group's vessels, and (ii) the IMO Ballast Water Management Convention (the "BWM Convention"), which sets out limitations on the amount of viable organisms allowed to be discharged with a vessel's ballast water, (iii) the Energy Efficiency Design Index and Energy efficiency Existing Ship Index and (iv) IMO 2030.

Compliance with changes in laws and regulations relating to climate change could increase the costs of operating and maintaining the Group's vessels and could require the Group to install new emission controls, as well as acquire allowances, affect the resale value or useful lives of the vessels, lead to increased impairment charges, require reductions in cargo capacity, ship modifications or operational changes or restrictions. Further, such changes could lead to decreased availability of insurance coverage or increased policy costs for environmental matters or result in the denial of access to certain jurisdictional waters or ports or detention in certain ports, require taxes to be payable in relation to the Group's greenhouse gas emissions or require the Group to administer and manage a greenhouse gas emissions program. Regulation of vessels, particularly in the areas of safety and environmental impact, may change in the future and require the Group to incur significant capital expenditures and/or additional operating costs in order to keep the Group's vessels in compliance.

Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to the Group's Environmental, Social and Governance policies may impose additional costs on the Group or expose the Group to additional risks

The Company will require additional capital in the future in order to finance newbuilds, take advantage of business opportunities and due to unforeseen liabilities or net cash flow shortfalls. Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to the Group's Environmental, Social and Governance policies may restrict the availability of debt finance to the Company. The resulting lack of available credit and/or higher financing costs and more onerous terms may materially impact the performance of certain investments with a potential adverse impact on both working capital and term debt availability and on exit options.

5. Risks related to financing and market risk

The Private Placement may not be sufficient and the Group may require additional capital in the future in order to execute its growth strategy or for other purposes, which may not be available on favourable terms, or at all

No assurance can be given that the Private Placement will be sufficient and that the Group will not require additional funds in order to execute its growth strategy, or for other purposes. The Group's business is capital intensive and, to the extent the Group does not generate sufficient cash from operations together with the cash proceeds from the Private Placement, the Group or its subsidiaries may need to raise additional funds through public or private debt or equity financing to fund capital expenditures. Adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed or may not be available on acceptable terms. If the Group raises additional funds by issuing additional equity securities, the existing shareholders may be significantly diluted. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could materially and adversely impact the Group's business, results of operations, cash flows, financial condition and/or prospects. Such development could also have a material adverse effect on the value of the Shares.

RISK FACTORS (IX/XI)

The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or Avance Gas' ability to declare dividends to its shareholders

The Group's credit facilities and bank loan contain certain covenants and event of default clauses, including cross default provisions and restrictive covenants and performance requirements, such as loan-to-fleet value requirements and change of control provisions, which may affect the operational and financial flexibility of the Group. The satisfaction of these restrictive covenants and performance requirements may be outside of the Group's control. Such restrictions could affect, and in many respects limit or prohibit, among other things, the Group's ability to pay dividends, incur additional indebtedness, create liens, sell assets, or engage in mergers or acquisitions. These restrictions could further limit the Group's 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 materially and adversely affect the Group's ability to finance its future operations or capital needs.

The Group's future cash flows may be insufficient to meet all of its debt obligations and contractual commitments. To the extent that the Group is unable to repay its indebtedness as it becomes due or at maturity, the Group may need to refinance its debt, raise new debt, sell assets or repay the debt with the proceeds from equity offerings.

Additional indebtedness or equity financing may not be available to the Group in the future for the refinancing or repayment of existing indebtedness, and the Group may not be able to complete asset sales in a timely manner sufficient to make such repayments.

Interest rate fluctuations could affect the Group's cash flow and financial condition

The Group has incurred, and may in the future incur, significant amounts of debt. The Group is exposed to interest rate risk primarily in relation to its long-term borrowings issued at floating interest rates. If the Group were to hedge some or all of its interest rate exposure, there can be no assurance that such hedging arrangements will be effective. As such, movements in interest rates could affect the Group's cash flow and financial condition.

Fluctuations in exchange rates could affect the Group's cash flow and financial condition

The Group has currency exposure to both transaction risk and translation risk related to its operating and administrative expenses.

Transaction risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to transaction risks due to fluctuations in exchange rates as it receives revenue primarily in USD, but a portion of its operating and administrative and general expenses are in local currencies. In certain markets where the Group operates, it may experience currency exchange losses when revenue is received and expenses are paid in non-convertible currencies or when the Group does not hedge an exposure to the relevant foreign currency.

Translation risk arises due to the conversion of amounts denominated in foreign currencies to USD, the Group's reporting and functional currency. One of the Group's subsidiaries has NOK as its reporting and functional currency. Consequently, any change in exchange rates between its operating subsidiary's functional currency and USD affect its consolidated income statement and balance sheet when the result of that operating subsidiary is translated into USD for reporting purposes.

6. Risks related to the Shares

The price of the Shares may fluctuate significantly

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Group's control, including, but not limited to, quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, or any other risk discussed herein materialising or the anticipation of such risk materialising.

In recent years, the global stock markets have experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the shipping industry. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

Future sales, or the possibility for future sales, of substantial numbers of Shares may affect the Shares' market price

Avance Gas cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on their market price. Sales of substantial amounts of the Shares in the public market, or the perception that such sales could occur, may adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or Avance Gas to sell equity securities in the future at a time and price that they deem appropriate.

Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares

It is possible that Avance Gas may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. There can be no assurance Avance Gas will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not be able to purchase additional equity securities. If Avance Gas raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders may be diluted.

RISK FACTORS (X/XI)

Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK

The Shares are, and the Offer Shares will be, priced and traded in NOK on the Oslo Stock Exchange and, although any future payments of dividends on the Shares will be denominated in USD, such dividends will be distributed through the VPS in NOK. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will however receive dividends by cheque in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB Bank ASA, being Avance Gas' VPS registrar, to issue a cheque in a local currency, a cheque will be issued in USD. The issuing and mailing of cheques will be executed in accordance with the standard procedures of DNB Bank ASA, Foreign Payments Department. The exchange rate(s) that is applied will be DNB Bank ASA's rate on the date of issuance. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Furthermore, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

Beneficial interests in the Shares are recorded in book-entry form with the VPS on the basis of the Registrar Agreement with the VPS Registrar, and Avance Gas cannot guarantee that the VPS Registrar will fulfil its obligations and duties under the Registrar Agreement, which may lead to shareholders not being able to exercise their rights as beneficial holders of the underlying Shares

For the purpose of enabling trading in the Shares on the Oslo Stock Exchange, the VPS Registrar has registered the beneficial interests in the Shares in book-entry form with the VPS under the Registrar Agreement. The VPS Registrar is registered as holder of the Shares in Avance Gas register of members that Avance Gas is required to maintain in Bermuda. Under the Registrar Agreement, the VPS Registrar has registered (and will register in respect of the Offer Shares) the beneficial interests in such Shares in book-entry form in the VPS. Accordingly, it is not the Shares issued in accordance with the Bermuda Companies Act that will be subject to trading on the Oslo Stock Exchange, but the beneficial interests in such Shares registered in the VPS. In accordance with market practice in Norway and system requirements of the VPS, the beneficial interests in the Shares are, and with respect to the Offer Shares will be, registered in the VPS under the category of a "share". Although each "share" registered with the VPS will represent evidence of beneficial ownership of one common share in Avance Gas, such beneficial ownership would not necessarily be recognised by a Bermuda court. As such, investors may have no direct rights against Avance Gas and its officers and directors and may be required to obtain the co-operation of the VPS Registrar in order to assert claims against Avance Gas and its officers and directors, and to look solely to the VPS Registrar for the payment of any dividends, for exercise of voting rights attaching to the underlying common shares and for all other rights arising in respect of the underlying common shares. Exercising such shareholder rights through the VPS Registrar is subject to certain terms and conditions, as further described in Section 14.6.2 "The Registrar Agreement". Avance Gas cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement, including that the beneficial owners of the Shares will receive the notice of a general meeting in time to instruct the VPS Registrar to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. Any such failure may inter alia, limit the access for, delay or prevent, the beneficial shareholders being able to exercise the rights attaching to the underlying Shares.

The VPS Registrar may terminate the Registrar Agreement by giving not less than three months prior written notice. Further, the VPS Registrar may terminate the Registrar Agreement with immediate effect if Avance Gas does not perform its payment obligations to the VPS Registrar or commits any other material breach of the Registrar Agreement. In the event that the Registrar Agreement is terminated, Avance Gas will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted trading of the Shares on the Oslo Stock Exchange. There can be no assurance, however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, have a material adverse effect on Avance Gas and the beneficial shareholders.

The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by Avance Gas. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result from events within the VPS Registrar's control. Thus, Avance Gas may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

The transfer of Shares is, and the Offer Shares will be, subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been, and the Offer Shares will not be, registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws or pursuant to an effective registration statement under the U.S. Securities Act. In addition, there can be no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

Bermuda law permits the transfer of shares listed or admitted to trading on an Appointed Stock Exchange such as the Oslo Stock Exchange, to be effected in accordance with the rules of such stock exchange without a written instrument of transfer. Further, the Bermuda Monetary Authority has, pursuant to the Exchange Control Act 1972 of Bermuda and associated regulations, granted its consent for the issue and transfer of the Shares to residents and non-residents of Bermuda for exchange control purposes provided that the Shares are listed on the Oslo Stock Exchange or any other Appointed Stock Exchange on or within fourteen days or the relevant issue or transfer. Accordingly, the Shares can be registered in the VPS and title to the Shares can be evidenced and transferred without a written instrument and the consent of the Bermuda Monetary Authority for the issuance and transfer of shares shall apply as long as the Shares are listed and traded on the Oslo Stock Exchange. If the Shares are no longer listed or admitted to trading on the Oslo Stock Exchange or any other Appointed Stock Exchange, or if the Oslo Stock Exchange ceases to be an Appointed Stock Exchange, the Shares may only be transferred by written instrument in accordance with the terms of the Bye-laws of Avance Gas and with the prior consent of the Bermuda Monetary Authority.

Avance Gas may be unable to pay any dividends in the future

Avance Gas may be unable to pay dividends in future years. The amount of dividends paid by Avance Gas, if any, for a given financial period, will depend on, among other things, Avance Gas' future operating results, cash flows, financial condition, capital requirements, the sufficiency of its distributable reserves, the ability of Avance Gas' subsidiaries to pay dividends to Avance Gas, credit terms, general economic conditions, legal restrictions and other factors that Avance Gas may deem to be significant from time to time.

RISK FACTORS (XI/XI)

7. Risks related to the Company's incorporation in Bermuda

Investors may have difficulty enforcing any judgment obtained in other jurisdictions than Bermuda against Avance Gas or its directors or executive officers

Avance Gas is an exempted company limited by shares incorporated under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by Bermuda law and Avance Gas' memorandum of association and Bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. It may be difficult for investors to effect service of process on Avance Gas or its directors and executive officers or to enforce judgments obtained in courts in other jurisdictions against Avance Gas or those persons, including judgments based on the civil liability provisions of the securities laws of other jurisdictions than Bermuda. It is doubtful whether courts in Norway or Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against Avance Gas or its directors or officers under the securities laws of those jurisdictions or entertain actions in Norway or Bermuda against Avance Gas or its directors or officers under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway or Bermuda. As an example, United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with either Norway or Bermuda.

Avance Gas has anti-takeover provisions in its Bye-laws that may discourage a change of control

The Bye-laws contain provisions that could make it more difficult for a third party to acquire Avance Gas without the consent of the board of directors of Avance Gas (the "Board of Directors"). These provisions provide, among other things, that:

- *the Board of Directors may refuse to register and may direct the VPS Registrar to decline to register certain transfers of shares where the transfer would likely result in 50% or more of the issued and outstanding shares or votes of Avance Gas being held, or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or such shares being effectively connected to a Norwegian business activity, or Avance Gas being deemed a "Controlled Foreign Company" pursuant to Norwegian tax legislation; and*
- *the Board of Directors may issue any authorised but unissued Shares of Avance Gas, subject to any resolution of Avance Gas' shareholders to the contrary.*

These provisions could make it more difficult for a third party to acquire Avance Gas, even if the third party's offer may be considered beneficial by many shareholders.

Various conditions may cause an adverse tax effect for the shareholder if Avance Gas pays dividends

Dividends declared and paid by a Bermuda company may be subject to local tax in the investor's home country, and each investor should make such investigations for himself/herself. Norwegian investors will be subject to taxation as dividends will be deemed as taxable income for the receiver.

Potential new or amended Bermuda tax rules resulting in potential Bermuda taxation

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by Avance Gas or by Avance Gas' shareholders in respect of the Avance Gas' Shares. The Minister of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has given Avance Gas an assurance that in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, such tax shall not until 31 March 2035 be applicable to Avance Gas or any of its operations, or its shares, debentures or other obligations, except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by Avance Gas in respect of real property owned or leased by Avance Gas in Bermuda. Given the limited duration of the Minister of Finance of Bermuda's assurance, it cannot be assured that Avance Gas will not be subject to any Bermuda tax after 31 March 2035.

Avance Gas' Bye-laws restrict shareholders from bringing legal action against its officers and directors

Avance Gas' Bye-laws contain a broad waiver by Avance Gas' shareholders of any claim or right of action, both individually and on Avance Gas' behalf, against any of Avance Gas' officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against Avance Gas' officers and directors unless the act or failure to act involves fraud or dishonesty.

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