

## STATEMENT FROM AVANCE GAS HOLDING LTD

### IN CONNECTION WITH

### THE MANDATORY OFFER FROM HEMEN HOLDING LIMITED

This statement is made by members of the board of directors (the "**Board**") of Avance Gas Holding Ltd ("**Avance Gas**" or the "**Company**") in connection with the mandatory offer (the "**Offer**") from Hemen Holding Limited ("**Hemen**" or the "**Offeror**") to acquire all issued shares in the Company (the "**Shares**") not already owned by the Offeror against a cash consideration of NOK 43.00 per Share (the "**Offer Price**"), per the terms and conditions set out in the offer document dated 13 September 2021 (the "**Offer Document**"). This statement is made pursuant to Section 6-16 of the Norwegian Securities Trading Act.

#### **Introduction**

On 20 August 2021, Hemen announced that it had acquired in total 127,207 Shares, that it following the acquisition held 25,383,231 Shares representing 32.78% of the Shares and votes in the Company. In addition, Frontline Ltd, a company in which Hemen holds approximately 40.0% of the shares, held a total of 442,384 Shares, resulting in an aggregate holding of 25,825,615 Shares representing 33.35% of the Shares and votes in the Company. Hemen therefore also announced that it as a result of the acquisition had triggered an obligation to make a mandatory offer pursuant to section 6-1 of the Norwegian Securities Trading Act and intended to put forward a mandatory offer to acquire all Shares not already held by it within the 4 weeks deadline stipulated by section 6-10 (1) of the Norwegian Securities Trading Act.

On 13 September 2021, the Offer Document was approved by the Oslo Stock and on the same date the Offer was launched through the Offer Document.

On 17 September 2021, Hemen announced that it had acquired an additional 197,715 Shares, bringing its total shareholding in the Company to 33.33% (33.90% when including the Shares held by Frontline Ltd.).

#### **Summary of key aspects of the Offer**

The Offer is a mandatory offer made pursuant to Chapter 6 of the Norwegian Securities Trading Act, which *inter alia* means that there are no conditions for completion of the Offer. The Offer will therefore be completed shortly after expiry of the acceptance period. The acceptance period for the Offer commenced on 09:00 hours (CEST) on 14 September 2021 and will expire at 16:30 hours (CEST) on 12 October 2021. Avance Gas shareholders should note that their acceptance must be submitted during the acceptance period, and that an acceptance of the Offer is binding and cannot be withdrawn or amended after its receipt.

The Offer Price will be settled through a cash payment from the Offeror to the accepting shareholders. The Offer Price is equal to the highest price paid by the Offeror for the Shares during the six months' period prior to making the Offer and values the total share capital of the Company at a market capitalization of approximately NOK 3.329 billion (based on 77,426,972 Shares outstanding in the Company as per the date hereof). The Offer Price represents a premium of 13.3% over the average volume weighted share price during the 30-day period ending on 19 August 2021.

According to section 1.9 of the Offer Document, the cash payment to those who have accepted the Offer will be made as soon as reasonably possible, and no later than 14 calendar days, after the expiry of the Offer Period. Accordingly, the latest date on which settlement under the Offer can be made will be on 26 October 2021.

Detailed information about the Offer is included in the Offer Document.

The Offeror will finance the Offer by using existing funds available, or in combination with a draw-down on existing loan facilities. The Offeror has provided a bank guarantee issued by DNB Bank ASA in the amount of NOK 2,237,880,863, as required

pursuant to section 6-10 (7) of the Norwegian Securities Trading Act. The bank guarantee is equal to the maximum payable amount by the Offeror should all shareholders accept the Offer and secures the Offeror's ability to settle the Offer.

According to section 6-6 of the Norwegian Securities Trading Act, and as described in section 1.21 of the Offer Document, any shareholder who (alone or together with its concert parties) holds more than 1/3 of the shares and votes in the issuer will trigger a repeated mandatory offer obligation if the shareholder through the acquisition of shares (alone or together with its concert parties), other than through a mandatory offer, becomes the holder of more than 40% of the shares and votes in the issuer, unless the shareholder (alone and/or its concert parties) reduces the shareholding below 40% within four weeks after the mandatory offer obligation was triggered. A corresponding obligation will be triggered if the relevant shareholding reaches or exceeds 50% of the shares and votes in the issuer. If the Offeror's relevant shareholding following completion of the Offer is or falls below any of the said thresholds, the Offeror may trigger a repeated mandatory offer obligation if it subsequently acquires Shares, and its relevant shareholding thereby reaches or exceeds any of these thresholds. If the Offeror as a result of the Offer holds more than 50% of the Shares and votes in the Company, it will not trigger a mandatory offer obligation if it subsequently increases its shareholding in the Company.

As described in section 1.22 of the Offer Document, the Offeror may compulsorily acquire the Shares held by the minority shareholders by way of a scheme of arrangement or a compulsory acquisition (squeeze-out) following completion of the Offer if its shareholding reaches or exceeds certain thresholds. To trigger compulsory acquisition rights, the Offeror needs to have an ownership interest in the Company of either 75%, 90% or 95%, depending on the compulsory acquisition scheme utilised. According to the Offer Document, any subsequent compulsory acquisition of Shares will be presented on the same terms and conditions (including price) as the Offer.

According to section 1.23 of the Offer Document, the Offeror has reserved its right to propose to the general meeting of the Company to apply to the OSE for a de-listing of the Shares. A de-listing of the Shares requires that the relevant general meeting resolves to apply for a de-listing with the majority required to amend the Company's byelaws. This means that the Offeror will be able to control the resolution to apply for a de-listing should it obtain a shareholding of 50% or more following completion of the Offer. The final de-listing decision nevertheless lies with the OSE, which will take into account *inter alia* the interests of the minority shareholders. The OSE may also resolve to de-list the Company on its own initiative should the conditions for listing no longer be fulfilled, for example following initiation of a compulsory acquisition.

#### ***The effects of the Offer for the Company and its employees***

According to sections 1.4 and 1.16 of the Offer Document, as of the date thereof, the Offeror had no specific plans for any reorganisation or similar process involving Avance Gas or any of its subsidiaries, and did not have any specific plans, and was not aware of any other circumstances relating to the completion of the Offer, that will have any legal, financial, or work-related consequences for employees of the Avance Gas or any of its subsidiaries.

#### ***Assessment and recommendation***

The Oslo Stock Exchange (the "OSE") has, in its capacity as takeover authority of Norway, assessed if any of the Board members should be precluded from participating in the assessment of the Offer pursuant to section 6-16 (4) of the Norwegian Securities Trading Act. The OSE has decided that, due to their respective business connections with Hemen, the Board members Kathrine Fredriksen, Øystein Kalleklev and James O'Shaughnessy shall not give the statement. The OSE has on this basis decided that the statement shall be given by the Board members Erik Jacobsen (Chair) and François Sunier.

Consequently, the undersigned Board members, Erik Jacobsen (Chair) and François Sunier, have assessed the Offer and submitted this statement on behalf of Avance Gas.

We have reviewed the Offer Document and evaluated factors that we consider as material for the assessment of whether the Offer should be accepted by the shareholders of the Company.

We have received a fairness opinion from Pareto Securities AS ("**Pareto**") dated 30 September 2021, which provides that, as of the date thereof and based upon and subject to the assumptions, considerations, qualifications, factors, and limitations set forth therein, the Offer Price reflects values similar to what may be realized through long-term holding of the Company's shares,

and therefore that the Offer Price represents fair value for Avance Gas shareholders. Pareto's fairness opinion is attached to this statement.

Having carefully reviewed the terms and conditions of the Offer, and in consideration of the evaluation provided by Pareto, we view the Offer Price as fair from a short-term financial point of view. The Offer represents a liquidity event for shareholders looking to monetize their position in the Company and there can be no assurance as to the future trading price of the Shares. We also note that the liquidity in the Shares may be reduced if Hemen increases its shareholding in the Company.

On the other hand, we view the Company, with a modern fleet of thirteen VLGCs, a newbuilding program of six dual-fuel 91,000 cbm VLGCs scheduled to be delivered during the period Q4 2021 to 2H 2023, sustainability-linked financing in place for the two first newbuildings scheduled to be delivered in Q4 2021 and Q1 2022, a strong balance sheet, and a well performing management team, as well positioned to generate value to shareholders going forward on a stand-alone basis. We also note that the Company's Share price has outperformed its peers in the twelve-month period ending 19 August 2021 and that the Offer Price represents a premium of 7.7% to the closing price of NOK 39.90 per Share on the said date.

Based on an overall evaluation of relevant factors, taking inter alia into account the Offer Price and the Board's views on the outlook for the Company on a stand-alone basis, we therefore believe that the Offer may be attractive for some, but not all, shareholders and therefore recommend each shareholder to consider the Offer in light of the factors set out herein and other relevant information, and on this basis and in accordance with its own judgment and preferences to make an independent evaluation of whether or not to accept the Offer with respect to its Shares.

This statement is unanimous.


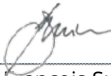
We, the undersigned members of the Board submitting this statement, or the members or the executive management of the Company, or our or their close associates do not have any current or recent affiliation with the Offeror.

Board member Erik O. Jacobsen (Chair) does not intend to accept the Offer with respect to his Shares, which are held through his wholly owned company AS Jaco. Neither Board member François Sunier nor the Company's CEO Kristian Sørensen holds, directly or indirectly, any Shares in the Company.

\* \* \*

4 October 2021

For and on behalf of Avance Gas Holding AS

	
Erik O. Jacobsen	François Sunier
Chair	Board Member