

Successful completion of the Newbuilding program

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The successful completion of the newbuilding program combined with the new alliance with A.P. Møller - Maersk have placed Norgas Carriers and Maersk, with the joint venture MNGC, and thus our gas carrier activities in a "No 1 position" in the world - and enhanced the market leader position. Focusing on both improving services to our customers and achieving cost leadership in this segment will enable us to achieve significant progress within both areas.

The Norgas fleet currently consists of 19 gas carriers (18 with ethylene carrying capacity) has about 150,000 cbm capacity. The age of the Norgas fleet have with these new vessels been reduced to an average of 16 years.

The total delivered cost (incl. of all pre delivery cost such as supervision and financing cost during construction) is about MUSD 21.5 per vessel. We are quite pleased with the cost of the vessels, the quality of the work of the shipyard and thus the production capabilities. The shipyard has worked very hard to satisfy us as customers in order to ensure we get a first class product to compete with and to serve our customers. All tests and trials performed have given us good indications of vessels with improved performance compared to plan. These are the first ethylene gas vessels made by this shipyard and as such we are very impressed and grateful for their diligence in tendering vessels that are better performing vessels than planned and designed for.

The vessels are part of our commitment to China. They are built in China, owned by a Chinese company and sail under Chinese Hong Kong flag; and a long term, financing agreement is secured with the Export Import Bank of China in Beijing (EXIMBANK) for a 10 year "Buyers Credit" facility. The agreement allows for a fixed base interest rate in USD for 75% for the vessels contract price and for a 10-year period. A financing facility for the "stretch" of the repayment profile of the loans for the vessel is secured with Nordea Bank Norway and NIB Capital Bank of Holland. These banks also provide a guarantee towards EXIMBANK for the export financing.

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