Navigator Holdings Ltd
Annual Report 2020

NAVIGATOR GAS

Ethylene Capable Vessels

Aurora
(37.3k cbm)

Eclipse
(37.3k cbm)

Nova
(37.3k cbm)

Prominence
(37.3k cbm)

Atlas
(21k cbm)

Europa
(21k cbm)

Neptune
(21k cbm)

Oberon
(21k cbm)

Orion
(22.1k cbm)

Pluto
(22.1k cbm)

Saturn
(22.1k cbm)

Triton
(21k cbm)

Umbrio
(21k cbm)

Venus
(22.1k cbm)

Semi Refrigerated Vessels

Aries
(20.5k cbm)

Capricorn
(20.5k cbm)

Centauri
(22k cbm)

Ceres
(22k cbm)

Copernico
(22k cbm)

Gemini
(20.5k cbm)

Leo
(20.5k cbm)

Libra
(20.5k cbm)

Luga
(22k cbm)

Magellan
(20.9k cbm)

Pegasus
(22k cbm)

Phoenix
(22k cbm)

Scorpio
(20.5k cbm)

Taurus
(20.5k cbm)

Virgo
(20.5k cbm)

Yauza
(22k cbm)

Fully Refrigerated Vessels

Jorf
(38k cbm)

Galaxy
(22.5k cbm)

Genesis
(22.5k cbm)

Global
(22.5k cbm)

Glory
(22.5k cbm)

Grace
(22.5k cbm)

Gusto
(22.5k cbm)

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

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

Commission file number: 001-36202

NAVIGATOR HOLDINGS LTD.

(Exact Name of Registrant as Specified in Its Charter)

Republic of the Marshall Islands
(Jurisdiction of Incorporation or Organization)
c/o NGT Services (UK) Ltd
10 Bressenden Place, London, SW1E 5DH, United Kingdom
Telephone: +44 20 7340 4850
(Address of Principal Executive Offices)

Niall Nolan
Chief Financial Officer
10 Bressenden Place, London, SW1E 5DH, United Kingdom
Telephone: +44 20 7340 4850
Facsimile: +44 20 7340 4858
(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock	NVGS	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

55,893,618 Shares of Common Stock

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as Issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

NAVIGATOR HOLDINGS LTD.

INDEX TO REPORT ON FORM 20-F

Presentation of Information in this Annual Report

This annual report on Form 20-F for the year ended December 31, 2020, or this "annual report," should be read in conjunction with our consolidated financial statements and notes thereto included in this annual report. Unless the context otherwise requires all references in this annual report to "Navigator Holdings," "our," "we," "us" and the "Company" refer to Navigator Holdings Ltd., a Marshall Islands corporation. All references in this annual report to our wholly-owned subsidiary "Navigator Gas L.L.C." refer to Navigator Gas L.L.C., a Marshall Islands limited liability company. As used in this annual report, unless the context indicates or otherwise requires, references to "our fleet" or "our vessels" include the 38 vessels we owned and operated as of December 31, 2020. As used in the annual report, "WLR Group" refers collectively to WL Ross & Co. LLC and certain of its affiliated investment funds and "BW Group" refers to BW Group Limited. On December 22, 2020, the WLR Group, our previous major shareholder, sold all of the 21,863,874 shares of our common stock then owned by the WLR Group to the BW Group.

Cautionary Statement Regarding Forward Looking Statements

This annual report contains certain forward-looking statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto, including our financial forecast and statements concerning the anticipated transaction with Ultragas ApS, the anticipated terms and benefits thereof and the anticipated timing of completion thereof. In addition, we and our representatives may from time to time make other oral or written statements that are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business and the markets in which we operate as described in this annual report. In some cases, you can identify the forward-looking statements by the use of words such as "may," "could," "should," "would," "expect," "plan," "anticipate," "intend," "forecast," "believe," "estimate," "predict," "propose," "potential," "continue," "scheduled," or the negative of these terms or other comparable terminology. Forward-looking statements appear in a number of places in this annual report. These risks and uncertainties include, but are not limited to:

- global epidemics or other health crises such as the outbreak of the novel coronavirus COVID-19 ("COVID-19"), including the impact on our business;
- future operating or financial results;
- pending acquisitions, business strategy and expected capital spending;

- operating expenses, availability of crew, number of off-hire days, drydocking requirements and insurance costs;
- fluctuations in currencies and interest rates;
- general market conditions and shipping market trends, including charter rates and factors affecting supply and demand;
- our ability to continue to comply with all our debt covenants;
- our financial condition and liquidity, including our ability to refinance our indebtedness as it matures or obtain additional financing in the future to fund capital expenditures, acquisitions and other corporate activities;
- estimated future capital expenditures needed to preserve our capital base;
- our expectations about the availability of vessels to purchase, the time that it may take to construct new vessels, or the useful lives of our vessels;
- our continued ability to enter into long-term, fixed-rate time charters with our customers;
- the availability and cost of low sulfur fuel oil compliant with the International Maritime Organization sulfur emission limit reductions, generally referred to as "IMO 2020," which took effect January 1, 2020;
- our vessels engaging in ship to ship transfers of liquified petroleum gas ("LPG") or petrochemical cargoes which may ultimately be discharged in sanctioned areas or to sanctioned individuals without our knowledge;
- changes in governmental rules and regulations or actions taken by regulatory authorities;
- potential liability from future litigation;
- our expectations relating to the payment of dividends;
- our ability to successfully remediate any material weaknesses in our internal control over financial reporting and our disclosure controls and procedures;
- our expectation regarding providing in-house technical management for certain vessels in our fleet and our success in providing such in-house technical management;
- our expectations regarding the financial success of the ethylene export marine terminal at Morgan's Point, Texas (the "Marine Export Terminal") and our related 50/50 joint venture with Enterprise Products Partners L.P (the "Export Terminal Joint Venture") or the Luna Pool (as defined below); and
- other factors discussed in "Item 3—Key Information—Risk Factors" of this annual report.

All forward-looking statements included in this annual report are made only as of the date of this annual report. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. We make no prediction or statement about the performance of our common stock.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following table presents selected historical financial data for the years ended December 31, 2016, 2017, 2018, 2019 and 2020 which has been derived in part from our audited consolidated financial statements included elsewhere in this annual report and should be read together with and qualified in its entirety by reference to such audited consolidated financial statements.

The following table should be read together with "Item 5—Operating and Financial Review and Prospects."

	Navigator Holdings				
	Year Ended December 31,				
	2016	2017	2018	2019	2020
	(in thousands, except per share data, fleet data and average daily results)				
Income Statement Data:					
Operating revenues	$ 294,112	$ 298,595	$ 310,046	$ 301,385	$ 319,665
Operating revenues—Luna Pool collaborative arrangements	—	—	—	—	12,830
Total operating revenues	$ 294,112	$ 298,595	$ 310,046	$ 301,385	$ 332,495
Operating expenses:					
Brokerage commissions	5,812	5,368	5,142	4,938	5,095
Voyage expenses	42,201	55,542	61,634	55,310	63,372
Voyage expenses—Luna Pool collaborative arrangements	—	—	—	—	12,418
Vessel operating expenses	90,854	100,968	106,719	111,475	109,503
Depreciation and amortization	62,280	73,588	76,140	76,173	76,681
General and administrative costs	14,504	15,947	18,931	20,878	23,871
Other Income	—	—	—	—	(199)
Insurance recoverable from vessel repairs	504	—	—	—	—
Total operating expenses	216,155	251,413	268,566	268,774	290,741
Operating income	$ 77,957	$ 47,182	$ 41,480	$ 32,611	$ 41,754
Foreign currency exchange gain/(loss) on senior secured bonds	—	—	2,360	969	(1,931)
Unrealized (loss)/gain on non-designated derivative instruments	—	—	(5,154)	(615)	2,762
Loss on repayment of 7.75% senior unsecured bonds	—	—	—	—	(479)
Write off of deferred financing costs	—	—	—	(403)	(155)
Net interest expense	(32,142)	(41,475)	(44,054)	(47,691)	(40,672)
Income/(loss) before income taxes	$ 45,815	$ 5,707	$ (5,368)	$ (15,129)	$ 1,279
Income taxes	(1,177)	(397)	(333)	(352)	(617)
Share of result of equity accounted joint ventures	—	—	(38)	(1,126)	651
Net income/(loss)	$ 44,638	$ 5,310	$ (5,739)	$ (16,607)	$ 1,313
Net income attributable to non-controlling interest	—	—	—	(99)	(1,756)
Net income/(loss) attributable to stockholders of Navigator Holdings Ltd.	$ 44,638	$ 5,310	$ (5,739)	$ (16,706)	$ (443)

	Navigator Holdings				
	Year Ended December 31,				
	2016	2017	2018	2019	2020
	(in thousands, except per share data, fleet data and average daily results)				
Earnings /(loss) per share attributable to stockholders of Navigator Holdings Ltd.:					
Basic	$ 0.81	$ 0.10	$ (0.10)	$ (0.30)	$ (0.01)
Diluted	$ 0.80	$ 0.10	$ (0.10)	$ (0.30)	$ (0.01)
Weighted average number of shares outstanding:					
Basic	55,418,626	55,508,974	55,629,023	55,792,711	55,885,376
Diluted	55,794,481	55,881,454	55,629,023	55,792,711	55,885,376

	Navigator Holdings				
	Year Ended December 31,				
	2016	2017	2018	2019	2020
	(in thousands, except per share data, fleet data and average daily results)				
Balance Sheet Data (at end of period):					
Cash, cash equivalents and restricted cash	$ 57,272	$ 62,109	$ 71,515	$ 66,130	$ 59,271
Total assets	1,724,843	1,853,887	1,832,751	1,874,253	1,839,408
Total liabilities	768,363	890,674	877,641	934,351	897,013
Total Navigator Holdings Ltd. stockholders' equity	956,480	963,213	955,110	939,803	940,540
Cash Flows Data:					
Net cash provided by operating activities	$ 86,748	$ 75,921	$ 77,517	$ 49,700	$ 44,673
Net cash used in investing activities	(238,153)	(183,025)	(42,327)	(90,409)	(16,151)
Net cash provided by / (used in) financing activities	120,898	111,941	(25,784)	35,324	(35,381)
Fleet Data:					
Weighted average number of vessels[2]	31.3	36.2	38.0	38.0	38.0
Ownership days[3]	11,463	13,228	13,870	13,870	13,908
Available days[4]	11,255	13,195	13,767	13,608	13,684
Operating days[5]	9,888	11,564	12,247	11,813	11,880
Fleet utilization[6]	87.9%	87.6%	89.0%	86.8%	86.8%
Average Daily Results:					
Time charter equivalent rate[7]	$ 25,476	$ 21,018	$ 20,284	$ 20,831	$ 21,573
Daily vessel operating expenses[8]	$ 7,925	$ 7,635	$ 7,694	$ 8,037	$ 7,873
Other Data:					
EBITDA[1]	$ 140,237	$ 120,770	$ 114,788	$ 107,609	$ 119,283
Adjusted EBITDA[1]	$ 140,237	$ 120,770	$ 117,582	$ 107,801	$ 124,237

(1) EBITDA and Adjusted EBITDA are not measurements prepared in accordance with U.S. GAAP (non-GAAP financial measures). EBITDA represents net income before net interest expense, income taxes and depreciation and amortization. We define Adjusted EBITDA as EBITDA before foreign currency exchange gain or loss on senior secured bonds, unrealized gain or loss on non-designated derivative instruments, loss on repayment of senior unsecured bonds and the write off deferred financing costs. Management believes that EBITDA and Adjusted EBITDA are useful to investors in evaluating the operating performance of the Company. EBITDA and Adjusted EBITDA do not represent and should not be considered as alternatives to consolidated net income, cash generated from operations or any measure prepared in accordance with U.S. GAAP, and our calculation of EBITDA and Adjusted EBITDA may not be comparable to that reported by other companies.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA and Adjusted EBITDA do not recognize the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- EBITDA and Adjusted EBITDA ignore changes in, or cash requirements for, our working capital needs; and
- other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered measures of discretionary cash available to us to invest in the growth of our business.

The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to net income / (loss), our most directly comparable U.S. GAAP financial measure, for the periods presented:

	Navigator Holdings				
	Year Ended December 31,				
	2016	2017	2018	2019	2020
			(in thousands)		
Net income/(loss)	$ 44,638	$ 5,310	$ (5,739)	$ (16,607)	$ 1,313
Net interest expense	32,142	41,475	44,054	47,691	40,672
Income taxes	1,177	397	333	352	617
Depreciation and amortization	62,280	73,588	76,140	76,173	76,681
EBITDA	$140,237	$120,770	$114,788	$107,609	$119,283
Foreign currency exchange gain on senior secured bonds	—	—	(2,360)	(969)	1,931
Unrealized loss on non-designated derivative instruments	—	—	5,154	615	(2,762)
Loss on repayment of 7.75% senior secured bonds	—	—	—	—	479
Write off of deferred financing costs	—	—	—	403	155
Adjusted EBITDA	$140,237	$120,770	$117,582	$107,658	$119,086

(2) We calculate the weighted average number of vessels during a period by dividing the number of total ownership days during that period by the number of calendar days during that period.

(3) We define ownership days as the aggregate number of days in a period that each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and the potential amount of revenue that we record during a period.

(4) We define available days as ownership days less aggregate off-hire days associated with scheduled maintenance, which includes drydockings, vessel upgrades or special or intermediate surveys. We use available days to measure the aggregate number of days in a period that our vessels should be capable of generating revenues.

(5) We define operating days as available days less the aggregate number of days that our vessels are off-hire for any reason other than scheduled maintenance. We use operating days to measure the aggregate number of days in a period that our vessels are providing services to our customers.

(6) We calculate fleet utilization by dividing the number of operating days during a period by the number of available days during that period. We use fleet utilization to measure our ability to efficiently find suitable employment for our vessels.

(7) Time charter equivalent, ("TCE"), rate is a measure of the average daily revenue performance of a vessel. TCE is not calculated in accordance with U.S. GAAP. For all charters, we calculate TCE by dividing total operating revenues (excluding collaborative arrangements), less any voyage expenses (excluding collaborative arrangements), by the number of operating days for the relevant period. TCE rates exclude the effects of the collaborative arrangements, as operating days and fleet utilization, on which TCE rates are based, are calculated for our owned vessels, and not the average of all Pool vessels. Under a time charter, the charterer pays substantially all of the vessel voyage related expenses, whereas for voyage charters, also known as spot market charters, we pay all voyage expenses. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and contracts of affreightment ("COAs")) under which the vessels may be employed between the periods. We include average daily TCE rate, as we believe it provides additional meaningful information in conjunction with net operating revenues, because it assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance. Our calculation of TCE rate may not be comparable to that reported by other companies.

The following table represents a reconciliation of TCE rate to operating revenues, the most directly comparable financial measure calculated in accordance with U.S. GAAP for the periods presented:

	Year Ended December 31,				
	2016	2017	2018	2019	2020
		(in thousands, except operating days and average daily time charter equivalent rate)			
Fleet Data:					
Operating revenues (excluding collaborative arrangements)	$294,112	$298,595	$310,046	$301,385	$319,665
Voyage expenses (excluding collaborative arrangements)	42,201	55,542	61,634	55,310	63,372
Operating revenues less Voyage expenses	251,911	243,053	248,412	246,075	256,293
Operating days	9,888	11,564	12,247	11,813	11,880
Average daily time charter equivalent rate	$ 25,476	$ 21,018	$ 20,284	$ 20,831	$ 21,573

(8) Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant time period.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the following risk factors together with all of the other information included in this annual report in evaluating an investment in our common stock. If any of the following risks were actually to occur, our business, financial condition, operating results and cash flows could be materially adversely affected. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risk Factor Summary

The risk factors summarized and detailed below could materially and adversely affect our business, our financial condition, our operating results and the trading price of our common stock. These material risks include, but are not limited to, those relating to:

- Charter rates for liquefied gas carriers are cyclical in nature
- Future growth in the demand for our services will depend on changes in supply and demand, economic growth in the world economy and demand for liquefied gas transportation relative to changes in worldwide fleet capacity. Adverse economic, political, or social developments or other global financial turmoil, could have a material adverse effect on world economic growth and thus on our business and operating results.
- We are partially dependent on voyage charters in the spot market, and any decrease in spot charter rates in the future may adversely affect our earnings.
- We operate several of our vessels through the Luna Pool. Failure by the Luna Pool to find profitable employment for these vessels could adversely affect our operations.
- We may be unable to charter our vessels at attractive rates.
- A significant portion of our revenues from a limited number of customers.
- The demand for liquefied gases and the seaborne transportation of liquefied gases may not grow.
- The expected growth in the supply of petrochemical gases, including ethane and ethylene, available for seaborne transport may not materialize, which would deprive us of the opportunity to obtain premium charters for petrochemical cargoes.
- The market values of our vessels may decline if market conditions deteriorate. This could cause us to incur impairment charges, which could potentially cause us to breach covenants in our debt facilities.
- Over the long-term, we will be required to make substantial capital expenditures to preserve the operating capacity of, and to grow, our fleet.
- We may be unable to make, or realize the expected benefits from, acquisitions and the failure to successfully implement our growth strategy through acquisitions could adversely affect our business, financial condition and operating results.
- From time to time, we may selectively pursue new strategic acquisitions or ventures we believe to be complementary to our seaborne transportation services and any strategic transactions that are a departure from our historical operations could present unforeseen challenges and result in a competitive disadvantage relative to our more-established competitors.
- We may be unable to realize the expected benefits from our investment in the Marine Export Terminal in the U.S. Gulf.
- We operate in countries which can expose us to political, governmental and economic instability.
- If our vessels call on ports located in countries that are subject to restrictions imposed by the U.S. government, our reputation and the market for our securities could be adversely affected.
- Operating our vessels in sanctioned areas or chartering our vessels to sanctioned individuals or entities could harm us.
- We provide in-house technical management for certain vessels in our fleet which may impose significant additional responsibilities on our management and staff.
- A fluctuation in fuel prices may adversely affect our charter rates for time charters and our cost structure for voyage charters and COAs.

- The required drydocking of our vessels could have a more significant adverse impact on our revenues than we anticipate.
- Our operating costs are likely to increase in the future as our vessels age.
- The operation of ocean going vessels entails the possibility of marine disasters including damage or destruction of the vessel due to natural disasters, accident, the loss of a vessel due to piracy or terrorism, damage or destruction of cargo and similar events that may cause a loss of revenue from affected vessels and damage our business reputation.
- The loss of or inability to operate any of our vessels would result in a significant loss of revenues and cash flow.
- Adverse global economic conditions or outbreaks of epidemic and pandemic diseases could have a material adverse effect on our business, financial condition and operating results.
- Due to our lack of vessel diversification, adverse developments in the seaborne liquefied gas transportation business could adversely affect our business, financial condition and operating results.
- If in the future our business activities involve countries, entities or individuals that are subject to restrictions imposed by the U.S. or other governments, we could be subject to enforcement action and our reputation and the market for our common stock could be adversely affected.
- Failure to comply with the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other anti-bribery legislation in other jurisdictions could result in fines, criminal penalties, contract termination and an adverse effect on our business.
- We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could disrupt our business and adversely affect our results of operations.
- Our business is subject to complex and evolving laws and regulations regarding privacy and data protection.
- Maritime claimants could arrest our vessels, which could interrupt our cash flow.
- A shortage of qualified officers would make it more difficult to crew our vessels and increase our operating costs. If a shortage were to develop, it could impair our ability to operate.
- Compliance with safety and other vessel requirements imposed by classification societies may be very costly.
- Delays in deliveries of newbuildings or acquired vessels, or deliveries of vessels with significant defects, could harm our operating results and lead to the termination of any related charters that may be entered into prior to their delivery.
- Our growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.
- The marine transportation industry is subject to substantial environmental and other regulations, which may limit our operations and increase our expenses.
- Climate change and greenhouse gas restrictions may adversely impact our operations and markets.
- Changes in the law and regulations relating to the use of, or a decrease in the demand for, single use plastics and waste plastics could adversely impact our business.
- Marine transportation is inherently risky. An incident involving significant loss of product or environmental contamination by any of our vessels could adversely affect our reputation, business, financial condition and operating results.
- Competition from more technologically advanced liquefied gas carriers could reduce our charter hire income and the value of our vessels.

- Acts of piracy on any of our vessels or on ocean going vessels could adversely affect us.
- Terrorist attacks, increased hostilities, piracy or war could lead to further economic instability, increased costs and disruption of business.
- Exposure to currency exchange rate fluctuations results in fluctuations in cash flows and operating results.
- Our insurance may be insufficient to cover losses that may occur to our vessels or result from our operations.
- Restrictive covenants in our secured term loan facilities and revolving credit facilities and in our secured and unsecured bonds and our Terminal Facility impose, and any future debt facilities will impose, financial and other restrictions on us.
- The secured term loan facilities and the Terminal Facility are reducing facilities. The required repayments under the secured term loan facilities and the Terminal Facility may adversely affect our business, financial condition and operating results.
- Our consolidated variable interest entity may enter into different financing arrangements.
- If interest rates increase, it will affect the interest rates under our credit facilities, which could affect our operating results.
- The derivative contracts we have or may enter into to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and reductions in our shareholders' equity, as well as charges against our income.
- Our business depends upon certain key employees.
- Our major shareholder may exert considerable influence on the outcome of matters on which our shareholders will be entitled to vote, and its interests may be different from yours.
- We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations.
- We may issue additional equity securities without your approval, which would dilute your ownership interests.
- Future sales of our common stock could cause the market price of our common stock to decline.
- We have no current plans to pay dividends on our common stock. Consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.
- The obligations associated with being a public company requires significant resources and management attention.
- We have identified a material weakness in our internal control over financial reporting. If we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, it could result in material misstatements of our financial statements.
- We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.
- We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.
- Because we are a Marshall Islands corporation, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.
- Provisions of our articles of incorporation and bylaws may have anti-takeover effects.
- We may be subject to additional taxes, which could adversely impact our business and financial results.

- U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. shareholders.
- We may have to pay tax on U.S. source income with respect to the operation of our vessels, and business conducted within the United States, which would reduce our cash flow.

In addition, risks not presently known to us or risks that we currently deem immaterial could materially and adversely affect our business, financial condition, results of operations and the trading price of our common units.

Risks Related to Our Business

Charter rates for liquefied gas carriers are cyclical in nature.

The international liquefied gas carrier market is cyclical with attendant volatility in terms of charter rates, profitability and vessel values. The degree of charter rate volatility among different types of liquefied gas carriers has varied widely. Because many factors influencing the supply of, and demand for, vessel capacity are unpredictable, the timing, direction and degree of changes in the international liquefied gas carrier market are also unpredictable.

Future growth in the demand for our services will depend on changes in supply and demand, economic growth in the world economy and demand for liquefied gas transportation relative to changes in worldwide fleet capacity. Adverse economic, political, or social developments or other global financial turmoil, could have a material adverse effect on world economic growth and thus on our business and operating results.

The charter rates we receive will be dependent upon, among other things:

- changes in the supply of vessel capacity for the seaborne transportation of liquefied gases, which is influenced by the following factors:
  - the number of newbuilding deliveries and the ability of shipyards to deliver newbuildings by contracted delivery dates and capacity levels of shipyards;
  - the scrapping rate of older vessels;
  - the number of vessels that are out of service, as a result of vessel casualties, repairs and drydockings;
  - changes in environmental and other regulations that may limit the useful lives of vessels; and
  - changes in liquefied gas carrier prices.
- changes in the level of demand for seaborne transportation of liquefied gases, which is influenced by the following factors:
  - the level of production of liquefied gases in net export regions;
  - the level of demand for liquefied gases in net import regions such as Asia, Europe, Latin America and India;
  - the level of internal demand for petrochemicals to supply integrated petrochemical facilities in net export regions;
  - a reduction in global demand for petrochemicals due to ecological or environmental concerns about the use of single use plastics and waste plastics;
  - a reduction in global or general industrial activity specifically in the plastics and chemical industry;
  - changes in the cost of petroleum and natural gas from which liquefied gases are derived;

- prevailing global and regional economic conditions;
- political changes and armed conflicts in the regions traveled by our vessels and the regions where the cargoes we carry are produced or consumed that interrupt production, trade routes or consumption of liquefied gases and associated products;
- developments in international trade;
- the distances between exporting and importing regions over which liquefied gases are to be transported by sea;
- infrastructure to support seaborne liquefied gases, including pipelines, railways and terminals;
- the availability of alternative transportation means, including pipelines;
- changes in seaborne and other transportation patterns; and
- changes in environmental and other regulations that may limit the production or consumption of liquefied gases.

Adverse changes in any of the foregoing factors could have an adverse effect on our revenues, profitability, liquidity, cash flow and financial position.

We are partially dependent on voyage charters in the spot market, and any decrease in spot charter rates in the future may adversely affect our earnings.

We currently own and operate a fleet of 38 vessels, some of which are employed in the spot market, exposing us to fluctuations in spot market charter rates.

Although spot chartering is common in our industry the spot market may fluctuate significantly over short periods of time. The successful operation of our vessels in the competitive spot market depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling in ballast and to pick up cargo. If future spot charter rates decline, we may be unable to operate our vessels trading in the spot market profitably or meet our obligations, including payments on indebtedness. Furthermore, as charter rates for spot charters are fixed for a single voyage or multiple voyages which may last up to several weeks or months, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases.

We operate several of our vessels through the Luna Pool. Failure by the Luna Pool to find profitable employment for these vessels could adversely affect our operations.

In April 2020, we formed the Luna Pool (the "Luna Pool"), collaborative arrangements that include revenue from time charters, voyage charters and COAs from the vessels in the pool and from which we share in the pool net revenues generated by the other participant's vessels in the pool as well as the other participant sharing in the pool net revenues generated by our participating vessels. The Luna Pool, which comprises nine of our ethylene vessels and five ethylene vessels from Pacific Gas Pte. Ltd., focuses on the transportation of ethylene and ethane. Our wholly-owned subsidiary, NGT Services (UK) Limited, is the commercial and accounting manager of the Luna Pool. If the Luna Pool is not able to find profitable employment or re-deploy our or any of the other pool participants' vessels, we will receive reduced or no revenues from the Luna Pool. A sustained decline in charter or spot rates or a failure by the Luna Pool to successfully charter participating vessels could have a material adverse effect on our results of operations and our ability to meet our financing obligations.

We may be unable to charter our vessels at attractive rates, which would have an adverse impact on our business, financial condition and operating results.

Payments under our charters represent substantially all of our operating cash flow. Our time charters expire on a regular basis. If demand for liquefied gas carriers has declined at the time that our charters expire, we may not be

able to charter our vessels at favorable rates or at all. If more vessels are added to the overall fleet through newbuilding programs, charter rates may reduce. In addition, while longer-term charters would become more attractive to us at a time when charter rates are declining, our customers may not want to enter into longer-term charters in such an environment. As a result, if our charters expire at a time when charter rates are declining, we may have to accept charters with lower rates or shorter terms than would be desirable. Furthermore, we may be unable to charter our vessels immediately after the expiration of their charters resulting in periods of non-utilization for our vessels. Our inability to charter our vessels at favorable rates or terms or at all would adversely impact our business, financial condition and operating results. Please read "Item 4—Information on the Company—Business Overview—Our Fleet."

A significant portion of our revenues are from a limited number of customers.

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of customers. Our customers include major oil and gas companies, chemical companies, energy trading companies, state owned oil companies and various other entities that depend upon marine transportation. Two of our customers accounted for more than 10.0% each, and in aggregate, 25.1% of our consolidated revenues during the year ended December 31, 2020, equivalent to $80.6 million of our total revenue. During the year ended December 31, 2019, four of our customers accounted for more than 10.0% each, and in aggregate, 54.1% of our consolidated revenues, equivalent to $163.5 million of our total revenue. The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer, or the inability of a significant customer to pay for our services, could have a material adverse effect on our business, financial condition and results of operations.

If the demand for liquefied gases and the seaborne transportation of liquefied gases does not grow, our business, financial condition and operating results could be adversely affected.

Our growth depends on continued growth in world and regional demand for liquefied gases and the seaborne transportation of liquefied gases, each of which could be adversely affected by a number of factors, such as:

- increases in the demand for industrial and residential natural gas in areas linked by pipelines to producing areas, or the conversion of existing non-gas pipelines to natural gas pipelines in those markets;
- increases in demand for chemical feedstocks in net exporting regions, leading to less liquefied gases for export;
- decreases in the consumption of petrochemical gases;
- decreases in the consumption of LPG due to increases in its price relative to other energy sources or other factors making consumption of liquefied gas less attractive;
- the availability of competing, alternative energy sources, transportation fuels or propulsion systems;
- decreases in demand for liquefied gases resulting from changes in feedstock capabilities of petrochemical plants in net importing regions;
- changes in the relative values of hydrocarbon and liquefied gases;
- a reduction in global industrial activity, especially in the plastics and petrochemical industries, particularly in regions with high demand growth for liquefied gas, such as Asia;
- adverse global or regional economic or political conditions, particularly in liquefied gas exporting or importing regions, which could reduce liquefied gas shipping or energy consumption;
- changes in governmental regulations, such as the elimination of economic incentives or initiatives designed to encourage the use of liquefied gases over other fuel sources; or

- decreases in the capacity of petrochemical plants and crude oil refineries worldwide or the failure of anticipated new capacity to come online.

Reduced demand for liquefied gases and the seaborne transportation of liquefied gases would have a material adverse effect on our future growth and could adversely affect our business, financial condition and operating results.

The expected growth in the supply of petrochemical gases, including ethane and ethylene, available for seaborne transport may not materialize, which would deprive us of the opportunity to obtain premium charters for petrochemical cargoes.

Charter rates for petrochemical gas cargoes can be higher than those for LPG, with charter rates for ethylene historically commanding a premium. While we believe that growth in production at petrochemical production facilities and regional supply and pricing imbalances will create opportunities for us to transport petrochemical gas cargoes, including ethane and ethylene, factors that are beyond our control may cause the supply of petrochemical gases available for seaborne transport to remain constant or even decline. For example, a significant portion of any increased production of petrochemicals in export regions may be used to supply local facilities that use petrochemicals as a feedstock rather than exported via seaborne trade. If the supply of petrochemical gases available for seaborne transport does not increase, we will not have the opportunity to obtain the increased charter rates associated with petrochemical gas cargoes, including ethane and ethylene, and our expectations regarding the growth of our business may not be met.

The market values of our vessels may decline if market conditions deteriorate. This could cause us to incur impairment charges, which could cause us to breach covenants in our debt facilities.

The market value of liquefied gas carriers fluctuates. While the market values of our vessels have declined as a result of the most recent market downturn, they still remain subject to a potential significant further decline depending on a number of factors including, among other things: energy and environmental efficiency of our vessels, general economic and market conditions affecting the shipping industry, prevailing charter rates, competition from other shipping companies, other modes of transportation, other types, sizes and age of vessels, shipyard capacity and the cost of newbuildings and applicable governmental regulations.

In addition, when vessel prices are considered to be low, companies not usually involved in shipping may make speculative vessel orders, thereby increasing the supply of vessel capacity, satisfying demand sooner and potentially suppressing charter rates.

Also, if the book value of a vessel is impaired due to unfavorable market conditions or a vessel is sold at a price below its book value, we would incur a loss that could have a material adverse effect on our business, financial condition and operating results.

Furthermore, our loan agreements have covenants relating to asset values, whereby if vessel values were to reduce to below those set out in the covenants, a breach would occur and cause the loan amounts to be immediately repayable. This could have a material adverse effect on our business, financial condition and operating results.

Over the long-term, we will be required to make substantial capital expenditures to preserve the operating capacity of, and to grow, our fleet.

We must make substantial capital expenditures over the long-term to maintain the operating capacity and expansion of our fleet in order to preserve our capital base.

We estimate that drydocking expenditures can cost up to $2.0 million per vessel per drydocking, although these expenditures could vary significantly from quarter to quarter and year to year and could increase as a result of changes in:

- the location and required repositioning of the vessel;
- the cost of labor and materials;
- the types of vessels in our fleet;
- the age of the vessels in our fleet;
- governmental regulations and maritime self-regulatory organization standards relating to safety, security or the environment;
- competitive standards; and
- high demand for drydock usage.

Our ability to obtain bank financing or to access the capital markets for future debt or equity offerings in order to finance the expansion of our fleet may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for future capital expenditures could limit our ability to expand our fleet. Even if we are successful in obtaining necessary funds, the terms of such financings may significantly increase our interest expense and financial leverage and issuing additional equity securities may result in significant shareholder dilution. Please read "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Liquidity and Cash Needs."

We may be unable to make, or realize the expected benefits from, acquisitions and the failure to successfully implement our growth strategy through acquisitions could adversely affect our business, financial condition and operating results.

Our growth strategy may include selectively acquiring existing liquefied gas carriers or newbuildings and investing in complementary assets. Factors such as competition from other companies, many of which have significantly greater financial resources than we do, could reduce our acquisition and investment opportunities or cause us to pay higher prices.

On April 12, 2021, we announced the signing of a non-binding Letter of Intent with Ultranav to merge Ultragas' fleet and business activities with Navigator. The transaction is subject to the execution of a definitive share purchase agreement, approval by the boards of directors of both Navigator and Ultragas, regulatory approvals and other customary closing conditions. The parties anticipate closing the transaction by the end of the second quarter of 2021. There can be no assurance that a definitive share purchase agreement relating to the transaction will be executed or that the transaction will be completed on the terms anticipated or at all.

Any existing vessel or newbuilding we acquire may not be profitable at or after the time of acquisition or delivery and may not generate cash flow sufficient to cover the cost of acquisition. Market conditions at the time of delivery of any newbuildings may be such that charter rates are not favorable and the revenue generated by such vessels is not sufficient to cover their purchase prices.

In addition, our acquisition and investment growth strategy exposes us to risks that could adversely affect our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits of acquisitions, such as new customer relationships, cost savings or increased cash flow;
- not be able to obtain charters at favorable rates or at all;

- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;
- fail to integrate investments of complementary assets or vessels in capacity ranges outside our current operations in a profitable manner;
- not have adequate operating and financial systems in place as we implement our expansion plan;
- decrease our liquidity through the use of a significant portion of available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions; or
- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired.

Unlike newbuildings, existing vessels typically do not carry warranties as to their condition. While we inspect existing vessels prior to purchase, such an inspection would normally not provide us with as much knowledge of a vessel's condition as we would possess if it had been built for us and operated by us during its life. Repairs and maintenance costs for existing vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could decrease our cash flow and reduce our liquidity.

From time to time, we may selectively pursue new strategic acquisitions or ventures we believe to be complementary to our seaborne transportation services and any strategic transactions that are a departure from our historical operations could present unforeseen challenges and result in a competitive disadvantage relative to our more-established competitors.

We may pursue strategic acquisitions or investment opportunities we believe to be complementary to our core business of owning and operating handysize liquefied gas carriers and the transportation of LPG, petrochemical gases and ammonia. Such ventures may include, but are not limited to, operating liquefied gas carriers in different size categories, expanding the types of cargo we carry and/or ventures or facilities involved in the export, distribution, mixing and/or storage of liquefied gas cargoes. While we have general knowledge and experience in the seaborne transportation services industry, we currently have limited operating history outside of the ownership and operation of liquified gas carriers and the transportation of petrochemicals, LPG and ammonia.

Any investments we pursue outside of our historical provision of seaborne transportation services could result in unforeseen operating difficulties and may require significant financial and managerial resources that would otherwise be available for the ongoing operation and growth of our fleet.

We may face several factors that could impair our ability to successfully execute these acquisitions or investments including, among others, the following:

- delays in obtaining regulatory approvals, licenses or permits from different governmental or regulatory authorities, including environmental permits;
- unexpected cost increases or shortages in the equipment, materials or labor required for the venture, which could cause the venture to become economically unfeasible; and
- unforeseen engineering, design or environmental problems.

Any of these factors could delay any such acquisitions or investment opportunities and could increase our projected capital costs. If we are unable to successfully integrate acquisitions or investments into our historical business, any costs incurred in connection with these projects may not be recoverable. If we experience delays, cost overruns, or changes in market circumstances, we may not be able to demonstrate the commercial viability of such acquisitions or investment opportunities or achieve the intended economic benefits, which would materially and adversely affect our business, financial condition and operating results.

We may be unable to realize the expected benefits from our investment in the Marine Export Terminal in the U.S. Gulf.

There are a number of factors that could impact our ability to benefit from the Marine Export Terminal on a timely basis or at all, or at the level we anticipate, including, among others, the following:

- any inability of the Marine Export Terminal to operate due to operational issues;
- any inability of the Marine Export Terminal to operate due to adverse weather conditions or due to damage as a result of storms, flooding or other adverse weather events; and
- any existing customers not renewing their contracts at the end of their existing terms, or any inability of the Marine Export Terminal to otherwise obtain or maintain fully committed throughput.

In addition, our 50/50 joint venture partner in the Export Terminal Joint Venture is the sole managing member of the Export Terminal Joint Venture and is also the operator of the related Marine Export Terminal. The success of the 50/50 owned Export Terminal Joint Venture and the Marine Export Terminal is dependent on the successful management and operation thereof by the managing member and operator. Further, the managing member's and operator's interests may not be entirely aligned with our interests.

We operate in countries which can expose us to political, governmental and economic instability, which could adversely affect our business, financial condition and operating results.

Our operations are conducted in many jurisdictions outside of the United States, and may be affected by economic, political and governmental conditions in the countries where we engage in business or where our vessels are registered. Any disruption caused by these conditions could adversely affect our business, financial condition and operating results. We derive some of our revenues from transporting gas cargoes from, to and within politically unstable regions. Conflicts in these regions have included attacks on ships and other efforts to disrupt shipping. In addition, vessels operating in some of these regions have been subject to piracy. Hostilities or other political instability in regions where we operate or may operate could have a material adverse effect on our business, financial condition and operating results. In addition, tariffs, trade embargoes and other economic sanctions by the United States or other countries against countries where we engage in business may limit, restrict or prohibit our trading activities with those countries, which could also harm our business. Finally, a government could requisition one or more of our vessels, which is most likely during a war or national emergency. Any such requisition would cause a loss of the vessel and would harm our business, financial condition and operating results.

If our vessels call on ports located in countries that are subject to restrictions imposed by the U.S. government, or perform ship to ship transfers of cargoes to other vessels that may call on ports located in countries that are subject to restrictions imposed by the U.S. government, our reputation and the market for our securities could be adversely affected.

Although no vessels owned or operated by us have called on ports located in countries subject to comprehensive sanctions and embargoes imposed by the U.S. government and other authorities or countries identified by the U.S. government or other authorities as state sponsors of terrorism, such as Cuba, Iran, North Korea, Sudan, Syria and the Crimean region of Ukraine, in the future our vessels may call on ports in these countries from time to time on charterers' instructions in violation of contractual provisions that prohibit them from doing so. In addition, our vessels do not knowingly engage in ship to ship transfers of LPG or petrochemical cargoes which may ultimately be discharged in sanctioned areas or to sanctioned individuals. Sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in

the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact the market for our common shares, our ability to access U.S. capital markets and conduct our business and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us.

Our charterers, or vessels to which we engage in ship to ship transfers of cargoes, may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels and those violations could in turn negatively affect our reputation or the ability of our charters to meet their obligations to us or result in fines, penalties or sanctions.

Operating our vessels in sanctioned areas or chartering our vessels to sanctioned individuals or entities could adversely affect our business, financial condition and operating results.

We have obligations and believe we comply fully with the various sanctions regimes around the world, not just the sanctions authorities of the United States, but also the relevant departments within the United Nations, European Union and other individual countries, as well as governmental institutions and agencies of those countries. Our current 38 vessels transport LPG and other liquefied petrochemical gases throughout the globe and we are vigilant in ensuring our vessels do not call to countries or ports or trade with persons that may be on any lists which restrict or inhibit such trade or relationship. Any actual or alleged violations could materially damage our reputation and ability to do business.

Our vessels engage in hundreds of ship to ship transfers of LPG or petrochemical cargoes annually and these cargoes may ultimately be discharged in sanctioned areas or to sanctioned individuals without our knowledge. For example, three of our vessels were named in a 2019 U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") Advisory to the Maritime Petroleum Shipping Community as ships that had engaged in such ship to ship transfers of cargoes in 2017 that may have ultimately been destined for Syria.

Furthermore, if any of our customers were to become a sanctioned entity, the charterparty would end immediately and become void which could lead to one or more vessels being redelivered to us, ending what may be a long-term charter commitment. For example, as a result of OFAC designating Petróleos de Venezuela S.A., or "PDVSA" as such in 2019, we had to prematurely terminate long term time charters on two of our vessels.

We provide in-house technical management for certain vessels in our fleet which may impose significant additional responsibilities on our management and staff.

We currently provide in-house technical management for 17 of the 38 vessels in our fleet. Providing in-house technical management for any vessel in our fleet may impose significant additional responsibilities on our management and staff.

The cost of providing in-house technical management for those vessels may be higher than if they were managed by our third party technical managers, as we do not have the benefits of economics of scale with only 17 vessels under in-house technical management, compared to our third party managers who may have hundreds of vessels under their management.

If we are not successful with respect to any vessel for which we may provide technical management in-house, our reputation and ability to charter vessels may be negatively impacted, which could materially and adversely affect our business, financial condition and operating results.

A fluctuation in fuel prices may adversely affect our charter rates for time charters and our cost structure for voyage charters and COAs and consequently adversely affect our business, financial condition and results of operation.

The price and supply of bunker fuel are unpredictable and fluctuate based on events outside our control, including geopolitical developments, supply and demand for oil, actions by members of the Organization of the

Petroleum Exporting Countries ("OPEC") and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

Bunker fuel prices have reduced significantly over the past year, primarily as a result of COVID-19, despite the introduction of the new requirement for low sulfur bunker fuel as of January 1, 2020 under IMO 2020, absent the installation of scrubbers. We have not installed scrubbers on board our vessels, which remove sulfur oxides from exhaust gases, enabling the consumption of cheaper high sulfur bunker fuel. If bunker prices increase again, our customers may be less willing to enter into time charters under which they bear the full risk of bunker fuel price increases, or may shorten the periods for which they are willing to make such commitments. Under voyage charters and COAs, we bear the cost of bunker fuel used to power our vessels which could reduce our profitability and adversely affect our results of operations.

The required drydocking of our vessels could have a more significant adverse impact on our revenues than we anticipate, which would adversely affect our business, financial condition and operating results.

Our vessels require drydocking every five years until the age of 15 years and every two and a half years thereafter. The drydocking of our vessels requires significant capital expenditures and results in loss of revenue while our vessels are off-hire. Any significant increase in the number of days of off-hire due to such drydocking or in the costs of any repairs could have a material adverse effect on our financial condition. Although we attempt to ensure that no more than one vessel will be out of service at any given time, this may not always be possible because of the age of certain vessels in our fleet, we may underestimate the time required to drydock our vessels, or unanticipated problems may arise during drydocking. Currently, six of our vessels are over the age of 15 years and will require more regular drydocking.

Our operating costs are likely to increase in the future as our vessels age, which would adversely affect our business, financial condition and operating results.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As our vessels age, we will incur increased costs. Older vessels are typically less fuel-efficient and more costly to maintain than newer vessels due to improvements in engine technology. If equipment on board becomes obsolete and it is not cost effective to repair it, such equipment would have to be replaced. Governmental regulations, including energy and environmental efficiencies, safety or other equipment standards related to the age of vessels may also require expenditures for alterations, or the addition of new equipment, to our vessels to comply. These laws or regulations may also restrict the type of activities in which our vessels may engage or limit their operation in certain geographic regions. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels as profitably as our younger vessels during the remainder of their expected useful lives.

The operation of ocean going vessels entails the possibility of marine disasters including damage or destruction of the vessel due to natural disasters, accident, the loss of a vessel due to piracy or terrorism, damage or destruction of cargo and similar events that may cause a loss of revenue from affected vessels and damage our business reputation, which may in turn lead to loss of business.

The operation of ocean going vessels entails certain inherent risks that may materially adversely affect our business and reputation, including:

- damage or destruction of vessel due to natural disasters;
- damage or destruction of vessel due to marine disasters such as a collision;
- the loss of a vessel due to piracy and terrorism;
- cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, cargo contamination, mechanical failure, grounding, fire, explosions and bad weather;

- environmental accidents as a result of the foregoing;
- risks to the onboard vessel management personnel as a result of the foregoing; and
- business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could substantially increase our costs. For example, the costs of replacing a vessel or cleaning up a spill could substantially lower our revenues by taking vessels out of operation permanently or for periods of time. The involvement of our vessels in a disaster or delays in delivery or loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business.

The total loss or damage of any of our vessels or cargoes could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss that could negatively impact our business, financial condition and operating results.

The loss of or inability to operate any of our vessels would result in a significant loss of revenues and cash flow which would adversely affect our business, financial condition and operating results.

We do not carry loss of hire insurance. If, at any time, we cannot operate any of our vessels due to mechanical problems, lack of seafarers to crew a vessel, prolonged drydocking periods, loss of certification, the loss of any charter or otherwise, our business, financial condition and operating results will be materially adversely affected. In the worst case, we may not receive any revenues because of the inability to operate any of our vessels, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition.

Adverse global economic conditions could have a material adverse effect on our business, financial condition and operating results.

Adverse global economic conditions may negatively impact our business, financial condition, results of operations and cash flows in ways that we cannot predict. Adverse economic conditions may lead to a decline in our customers' operations or ability to pay for our services, which could result in decreased demand for our vessels. There has historically been a strong link between the development of the world economy and demand for energy, including liquefied gases. Global financial markets and economic conditions have been volatile in recent years and remain subject to significant vulnerabilities, including trade wars between the U.S. and China or others, the effects of volatile energy prices and continuing turmoil and hostilities in the Middle East, the Korean Peninsula, North Africa and other geographic areas. An extended period of adverse development in global economic conditions or a tightening of the credit markets could reduce the overall demand for liquefied gases and have a negative impact on our customers. These potential developments, or market perceptions concerning these and related issues, could affect our business, financial condition and operating results.

Furthermore, a future economic slowdown could have an impact on our customers and/or suppliers including, among other things, causing them to fail to meet their obligations to us. Similarly, a future economic slowdown could affect lenders participating in our secured term loan and revolving credit facilities, making them unable to fulfill their commitments and obligations to us. Any reductions in activity owing to such conditions or failure by our customers, suppliers or lenders to meet their contractual obligations to us could adversely affect our business, financial condition and operating results.

Outbreaks of epidemics and pandemics could have a material adverse effect on our business, financial condition and operating results.

Our operations are subject to risks related to outbreaks of infectious diseases. Epidemics, pandemics or other health crises, such as the recent outbreak of COVID-19, as well as other potential outbreaks of infectious diseases in the future, may negatively affect economic conditions or restrict the seaborne transportation of products, including LPG and petrochemical products.

During the outbreak of COVID-19, governments throughout the world imposed travel bans, quarantines and other emergency public health measures. Those measures, though temporary in nature, may continue for longer than anticipated. As a result of these measures, there may be a reduction in the demand for LPG or petrochemicals regionally or globally, including as a result of a shutdown in the infrastructure of countries if the outbreak persists. Any restriction on the ability to transport LPG and petrochemicals to countries or continents could adversely affect our business, financial condition and operating results, principally through reduced revenues and resultant reduced cashflows. This may affect our ability to comply with our loan covenant obligations.

Although there are numerous national vaccine programs being developed and distributed to the world's population, the full effects of the vaccines and their ability to combat different mutations or strains of the virus are not fully known and therefore the ultimate longevity of the COVID-19 pandemic is uncertain and an estimate of its ultimate likely impact cannot be made with certainty at this time.

Due to our lack of vessel diversification, adverse developments in the seaborne liquefied gas transportation business could adversely affect our business, financial condition and operating results.

We rely primarily on the cash flow generated from vessels that operate in the seaborne liquefied gas transportation business. Unlike many other shipping companies, which have vessels that carry drybulk, crude oil and oil products, we depend exclusively on the transport of LPG, petrochemicals and ammonia. Due to our lack of diversification, an adverse development in the international liquefied gas shipping industry would have a significantly greater impact on our business, financial condition and operating results than it would if we maintained a more diverse fleet of vessels.

If in the future our business activities involve countries, entities or individuals that are subject to restrictions imposed by the U.S. or other governments, we could be subject to enforcement action and our reputation and the market for our common stock could be adversely affected.

The tightening of U.S. sanctions in recent years has affected non-U.S. companies. In particular, sanctions against Iran have been significantly expanded. In 2012 the U.S. signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012 ("TRA"), which placed further restrictions on the ability of non-U.S. companies to do business or trade with Iran and Syria. A major provision in the TRA is that issuers of securities must disclose to the U.S. Securities and Exchange Commission, or the "SEC," in their annual and quarterly reports if the issuer or "any affiliate" has "knowingly" engaged in certain activities involving Iran during the timeframe covered by the report. This disclosure obligation is broad in scope in that it requires the reporting of activity that would not be considered a violation of U.S. sanctions as well as violative conduct, and is not subject to a materiality threshold. The SEC publishes these disclosures on its website and the President of the United States must initiate an investigation in response to all disclosures.

In addition to the sanctions against Iran, the U.S. also maintains sanctions that target other countries, entities and individuals. Although non-U.S. persons generally are not subject to these sanctions, they can be held liable if they engage in transactions completed in part in the United States or by U.S. persons (for example, by wiring an international payment that clears through a U.S. financial institution). In addition, the U.S. maintains certain indirect, or secondary, sanctions that provide authority for the imposition of U.S. sanctions on non-U.S. persons that engage in certain sanctionable conduct that need to be considered by non-U.S. companies. It should also be noted that other governments have implemented versions of U.S. sanctions. We believe that we are in compliance with all applicable sanctions and embargo laws and regulations imposed by the U.S., the United Nations and European Union countries and intend to maintain such compliance. However, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Violations of U.S. sanctions via transactions with a U.S. jurisdictional nexus can result in substantial civil or criminal penalties. A range of sanctions may be imposed on non-U.S. companies that engage in sanctionable activities within the scope of U.S. secondary sanctions, up to and including the blocking

of any property subject to U.S. jurisdiction in which the sanctioned company has an interest, which effectively results in a prohibition on transactions or dealings involving securities of the sanctioned company or the sanctioned company losing access to the U.S. financial system.

Any such violation could also result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in our common stock. Additionally, some investors may decide to divest their interest, or not to invest, in our common stock simply because we may do business with companies that do business in sanctioned countries. Investor perception of the value of our common stock may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Failure to comply with the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other anti-bribery legislation in other jurisdictions could result in fines, criminal penalties, contract termination and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 and the Bribery Act 2010 of the Parliament of the United Kingdom. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, operating results or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and could consume significant time and attention of our senior management.

We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could disrupt our business and adversely affect our results of operations.

We rely on information technology systems and networks in our operations, and those of our third-party technical managers and other providers, including processing, transmitting and storing electronic and financial information, communication with our vessels and the administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists and our operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, or to steal data. A successful cyber-attack could materially disrupt our operations, including the safety of our operations, or lead to unauthorized release of information or alteration of information on our systems. Any such attack or other breach of our information technology systems could have a material adverse effect on our business, operating results, financial condition, our reputation, or cash flows. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated including any failure in disaster recovery plans or data backups for us or our third-party technical managers for any reason could disrupt our business. We may be required to incur significant additional costs to remediate, modify or enhance our information technology systems or to try to prevent any such attacks.

Our business is subject to complex and evolving laws and regulations regarding privacy and data protection ("data protection laws").

The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. Laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation and the California Consumer Privacy Act, pose increasingly complex compliance challenges and potentially elevate our costs. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative

publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business. As noted above, we are also subject to the possibility of cyber-attacks, which themselves may result in a violation of these laws.

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

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

In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against all of the vessels in our fleet for claims relating to only one of our ships. The arrest of any of our vessels would adversely affect our business, financial condition and operating results.

A shortage of qualified officers would make it more difficult to crew our vessels and increase our operating costs. If a shortage were to develop, it could impair our ability to operate and have an adverse effect on our business, financial condition and operating results.

Our liquefied gas carriers require technically skilled officers with specialized training. As the world liquefied gas carrier fleet and the liquefied natural gas, or "LNG," carrier fleet grows, the demand for such technically skilled officers increases and could lead to a shortage of such personnel. If our crewing managers were to be unable to employ such technically skilled officers, they would not be able to adequately staff our vessels and effectively train crews. The development of a deficit in the supply of technically skilled officers or an inability of our crewing managers to attract and retain such qualified officers could impair our ability to operate and increase the cost of crewing our vessels and, thus, materially adversely affect our business, financial condition and operating results. Please read "Item 4—Information on the Company—Business Overview—Crewing and Staff."

Compliance with safety and other vessel requirements imposed by classification societies may be very costly and could adversely affect our business, financial condition and operating results.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations and in accordance with the country of registry of the vessel and the Safety of Life at Sea Convention (SOLAS). Our vessels are currently enrolled with DNV GL Group AS.

As part of the certification process, a vessel must undergo annual surveys, intermediate surveys and special surveys. A vessel's machinery is subject to a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. All of the vessels in our existing fleet operate a planned maintenance system, or "PMS," and as such the classification society attends on-board once every year to survey on-board equipment, ensuring all equipment subject to survey, is surveyed once in every 5 year period. Each of the vessels in our fleet must dry dock every five years for underwater hull survey. An intermediate in water survey is conducted every 2~3 years, using an approved diving company in the presence of a surveyor from the classification society. Older vessels and vessels involved in intensive trades, may also dry dock for intermediate surveys. A maximum of 30 months is allowed between intermediate and special surveys.

If any vessel does not maintain its class and/or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable. This would adversely affect our business, financial condition and operating results.

Delays in deliveries of newbuildings or acquired vessels, or deliveries of vessels with significant defects, could harm our operating results and lead to the termination of any related charters that may be entered into prior to their delivery.

Although we currently have no vessels on order, under construction or subject to purchase agreements, we may purchase or order additional vessels from time to time. The delivery of these vessels could be delayed, not completed or cancelled, which would delay or eliminate our expected receipt of revenues from the employment of these vessels. The delivery of any acquired vessel or newbuilding with substantial defects could have similar consequences.

Our receipt of newbuildings we may order or agree to purchase could be delayed because of many factors, including:

- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial crisis of the shipbuilder;
- hostilities or political or economic disturbances in the locations where the vessels are being built;
- weather interference or catastrophic event, such as a major earthquake or fire;
- our requests for changes to the original vessel specifications;
- shortages of, or delays in the receipt of necessary construction materials, such as steel;
- our inability to obtain sufficient finance for the purchase of the vessels or to make timely payments; or
- our inability to obtain requisite permits or approvals.

We do not typically carry delay of delivery insurance to cover any losses that are not covered by delay penalties in our construction contracts. As a result, if delivery of a vessel is materially delayed, it could adversely affect our business, financial condition and operating results.

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

The process of obtaining new charters is highly competitive, generally involves an intensive screening process and competitive bids, and often extends for several months or even years. Contracts are awarded based upon a variety of factors, including:

- the shipowner's industry relationships, experience and reputation for customer service, quality operations and safety;
- the competitiveness of the bid in terms of the vessel's overall economics;
- the quality, experience and technical capability of the crew;
- the age, type, capability and versatility of our vessels; and
- the shipowner's willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events.

We expect substantial competition for providing seaborne transportation services from a number of experienced companies. As a result, we may be unable to expand our relationships with existing customers or to obtain new customers on a profitable basis, if at all, which would have a material adverse effect on our business, financial condition and operating results.

The marine transportation industry is subject to substantial environmental and other regulations, which may limit our operations and increase our expenses.

Our operations are affected by extensive and changing environmental protection laws and other regulations and international treaties and conventions, including those relating to equipping and operating vessels and vessel safety. These regulations include the U.S. Oil Pollution Act of 1990, or "OPA 90," the U.S. Clean Water Act, the U.S. Maritime Transportation Security Act of 2002 and regulations of the IMO, including the International Convention on Civil Liability for Oil Pollution Damage of 1969, as from time to time amended and generally referred to as the CLC, the IMO International Convention for the Prevention of Pollution from Ships of 1975, as from time to time amended and generally referred to as MARPOL, the International Convention for the Prevention of Marine Pollution of 1973, the IMO International Convention for the Safety of Life at Sea of 1974, as from time to time amended and generally referred to as SOLAS, the IMO International Convention on Load Lines of 1966, as from time to time amended, the International Management Code for the Safe Operation of Ships and for Pollution Prevention, or the "ISM Code," the International Convention on Civil Liability for Bunker Oil Pollution Damage, generally referred to as the Bunker Convention, and the European Union 2015 Regulation on the monitoring, reporting, and verification of carbon dioxide emissions from maritime transport. We have incurred, and expect to continue to incur, substantial expenses in complying with these laws and regulations, including expenses for vessel modifications and changes in operating procedures. Additional laws and regulations may be adopted that could limit our ability to do business or further increase costs, which could harm our business. In addition, failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of operations.

In addition, we believe that the heightened environmental, quality and security concerns of the public, regulators, insurance underwriters and charterers will generally lead to additional regulatory requirements, including enhanced risk assessment and security requirements, greater inspection and safety requirements on all vessels in the marine transportation markets and possibly restrictions on the emissions of greenhouse gases from the operation of vessels. These requirements are likely to add incremental costs to our operations and the failure to comply with these requirements may affect the ability of our vessels to obtain and, possibly, collect on insurance or to obtain the required certificates for entry into the different ports where we operate. Please read "Item 4—Information on the Company—Business Overview—Environmental and Other Regulation" for a more detailed discussion on these topics.

Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gases from vessel emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased energy efficiency standards and incentives or mandates for renewable energy. Additionally, laws and/or a treaty may be adopted in the future that includes restrictions on shipping emissions. Compliance with changes in laws and regulations relating to climate change could increase our costs of operating and maintaining our vessels and could require us to make significant financial expenditures that we cannot predict with certainty at this time.

Adverse effects upon the oil and gas industry relating to climate change, including growing public concern about the environmental impact of climate change, may also have an effect on demand for our services. For example, increased regulation of greenhouse gases or other concerns relating to climate change may reduce the demand for oil and gas in the future or create greater incentives for use of alternative energy sources. Any long-term material adverse effect on the oil and gas industry could have a significant financial and operational adverse impact on our business that we cannot predict with certainty at this time.

Our Marine Export Terminal is situated in Houston, Texas, along the northern coast of the Gulf of Mexico. Climate change is expected to create adverse impacts on this geographical region and necessary mitigation would therefore be required. There are a range of climatic events that could cause significant impact on our Marine

Export Terminal. For example, rising sea levels induced by thermal expansion and continued melting of polar ice caps may halt operations in the long-term if resulting in local flooding. Extreme weather events, such as the hurricanes witnessed during 2020 and the 'Texas freeze' in February 2021 could become more frequent and of a higher intensity. While there is a marginal degree of predictability, the dynamic and fast-moving nature of climate change will continue to present a significant operational and financial risk over the short- and long-term.

Changes in the law and regulations relating to the use of, or a decrease in the demand for, single use plastics and waste plastics could adversely impact our business.

There is growing public concern surrounding the accumulation of plastics in the environment and, as a result, concerning the use of single use plastics more generally. Plastics are derived or manufactured largely from the petrochemical gases that we transport. The growing public concern could reduce consumer demand for plastic products and result in laws and regulations restricting the use of plastics, which could limit or reduce the demand and need for petrochemical gases to be transported and could have a significant adverse impact on our business, financial condition and operating results.

Marine transportation is inherently risky. An incident involving significant loss of product or environmental contamination by any of our vessels could adversely affect our reputation, business, financial condition and operating results.

The operation of an ocean-going vessel carries inherent risks. Our vessels and their cargoes and the LPG and petrochemical production and terminal facilities that we service are at risk of being damaged or lost because of events such as:

- marine disasters;
- severe weather such as storms, flooding and hurricanes;
- business interruption caused by mechanical failures;
- grounding, capsizing, fire, explosions and collisions;
- war, terrorism, piracy, cyber-attack; and
- human error.

An accident involving any of our vessels could result in any of the following:

- death or injury to persons, loss of property or damage to the environment and natural resources;
- delays in the delivery of cargo;
- loss of revenues;
- higher than anticipated expenses, or liabilities or costs to recover any spilled cargo and to restore the ecosystem where the spill occurred;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these results could have a material adverse effect on our business, financial condition and operating results.

Competition from more technologically advanced liquefied gas carriers could reduce our charter hire income and the value of our vessels.

The charter rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes fuel consumption, speed and

the ability to be loaded and discharged quickly. Flexibility includes the ability to enter ports, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to the original design and construction, maintenance and the impact of the stress of operations. If new liquefied gas carriers are built that are more energy and environmentally efficient and, as a result, have lower greenhouse gas emissions, or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced liquefied gas carriers could adversely affect demand for our vessels, the charter rates we receive for our vessels once their current charters are terminated and the resale value of our vessels. As a result, our business, financial condition and operating results could be adversely affected.

Acts of piracy on any of our vessels or on ocean going vessels could adversely affect our business, financial condition and operating results.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Gulf of Aden off the coast of Somalia, and West Africa. If such piracy attacks result in regions in which our vessels are deployed being named on the Joint War Committee Listed Areas, war-risk insurance premiums payable for such coverage could increase significantly and such insurance coverage might become more difficult to obtain. In addition, crew costs, including costs that may be incurred to the extent we employ on-board security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention or hijacking as a result of an act of piracy against our crew or vessels could require a significant amount of management time negotiating the release of crew members or the vessel and could have a material adverse impact on our business, financial condition and operating results.

Terrorist attacks, increased hostilities, piracy or war could lead to further economic instability, increased costs and disruption of business.

Terrorist attacks may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Continuing hostilities in the Middle East may lead to additional armed conflicts or to further acts of terrorism and civil disturbance in the United States or elsewhere, which may contribute further to economic instability and disruption of production and distribution of LPG, petrochemical gases and ammonia, which could result in reduced demand for our services.

In addition, petrochemical production and terminal facilities and vessels that transport petrochemical products could be targets of future terrorist attacks. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance costs, and the inability to transport gases to or from certain locations. Terrorist attacks, piracy, war or other events beyond our control that adversely affect the distribution, production or transportation of gases to be shipped by us could entitle customers to terminate our charters, which would harm our cash flow and business. In addition, the loss of a vessel as a result of terrorism or piracy would have a material adverse effect on our business, financial condition and operating results.

Exposure to currency exchange rate fluctuations results in fluctuations in cash flows and operating results.

Substantially all of our cash receipts are in U.S. Dollars, although some are in Indonesian Rupiah. Certain disbursements, including some vessel operating expenses and general and administrative expenses are in the foreign currencies invoiced by the supplier, principally the Euro and British Pound Sterling. We remit funds in the various currencies invoiced. We convert the non-U.S. Dollar invoices received and their subsequent payments into U.S. Dollars when the transactions occur. This mismatch between receipts and payments may result in fluctuations if the value of the U.S. Dollar changes relative to such other currencies.

In addition, the Company has entered into a cross-currency interest rate swap agreement concurrently with the issuance of its NOK600 million NOK-denominated Senior secured bonds. If the Norwegian Kroner depreciates

relative to the U.S. Dollar beyond a certain threshold, we are required to place cash collateral with our swap providers for the forecast future liability on the cross-currency interest rate swap. In the event the depreciation of the Norwegian Kroner relative to the U.S. Dollar is significant, the cash collateral requirements could adversely affect our liquidity and financial position.

Our insurance may be insufficient to cover losses that may occur to our vessels or result from our operations.

We carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, protection and indemnity insurance, which includes pollution risks, crew insurance and war risk insurance. We may not be able to adequately insure against all risks, and any particular claim may not be paid by insurance. None of our vessels are insured against loss of revenues resulting from vessel off-hire time. In addition, as a member of protection and indemnity associations we may be required to make additional payments over and above budgeted premiums if members claims exceed association reserves.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future during adverse market conditions. Changes in the insurance markets attributable to war, terrorist attacks or piracy may also make certain types of insurance more expensive or more difficult to obtain. In addition, the insurance may be voidable by the insurers as a result of certain actions, such as vessels failing to maintain certification with applicable maritime self-regulatory organizations. Any uninsured or underinsured loss could have a material adverse effect on our business, financial condition and operating results.

Restrictive covenants in our secured term loan facilities and revolving credit facilities and in our secured and unsecured bonds and our Terminal Facility impose, and any future debt facilities will impose, financial and other restrictions on us.

The secured term loan facilities and revolving credit facilities and the secured bonds and unsecured bonds impose, and any future debt facility will impose, operating and financial restrictions on us. The restrictions in the existing secured term loan facilities and revolving credit facilities and the secured bonds and unsecured bonds may limit our ability to, among other things:

- pay dividends out of operating revenues generated by the vessels securing indebtedness under the facility, redeem any shares or make any other payment to our equity holders, if there is a default under any secured term loan facility, revolving credit facility or secured term loan and revolving credit facility;
- incur additional indebtedness, including through the issuance of guarantees;
- create liens on our assets;
- sell our vessels;
- merge or consolidate with, or transfer all or substantially all our assets to, another person;
- change the flag, class or management of our vessels; and
- enter into a new line of business.

The secured term loan facilities and revolving credit facility require us to maintain various financial ratios. These include requirements that we maintain specified maximum ratios of net debt to total capitalization, that we maintain specified minimum levels of cash and cash equivalents, that we maintain specified minimum ratios of consolidated earnings before interest, taxes, depreciation and amortization (consolidated EBITDA), to consolidated interest expense and that we maintain specified minimum levels of collateral coverage. Under our secured term loan facilities, if at any time the aggregate fair market value of (i) the vessels subject to a mortgage in favor of our lenders and (ii) the value of any additional collateral we grant to the lenders is less than 125% to

135%, as applicable, of the outstanding principal amount under the secured term loan facilities and any commitments to borrow additional funds, our lenders may require us to provide additional collateral. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facility; 2020 Senior Unsecured Bonds; and 2018 Senior Secured Bonds—Financial Covenants." The failure to comply with such covenants would cause an event of default that could materially adversely affect our business, financial condition and operating results.

In addition, following completion of the Marine Export Terminal, Navigator Ethylene Terminals LLC, our wholly-owned subsidiary and the borrower under our Terminal Facility (as defined in "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Terminal Facility"), can only pay dividends if it satisfies certain customary conditions to paying a dividend, including maintaining a debt service coverage ratio for the immediately preceding four consecutive fiscal quarters and the projected immediately succeeding four consecutive fiscal quarters of not less than 1.20 to 1.00 and no default or event of default has occurred or is continuing. The Terminal Facility also limits Navigator Ethylene Terminals LLC from, among other things, incurring indebtedness or entering into mergers and divestitures. The Terminal Facility also contains general covenants that will require Navigator Ethylene Terminals LLC to vote its interest in the Export Terminal Joint Venture to cause the Export Terminal Joint Venture to maintain adequate insurance coverage and maintain its property (but only to the extent Navigator Ethylene Terminals LLC has the power under the organizational documents of the Export Terminal Joint Venture to cause such actions). Further, the loans under the Terminal Facility are secured by first priority liens on the rights to Navigator Ethylene Terminals LLC's distributions from the Export Terminal Joint Venture and our equity interests in the Marine Terminal Borrower.

Because of these covenants, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours, and we may not be able to obtain our lenders' permission when needed. This may limit our ability to finance our future operations and make acquisitions or pursue business opportunities. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facility" and "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Terminal Facility."

The secured term loan facilities and the Terminal Facility are reducing facilities. The required repayments under the secured term loan facilities and the Terminal Facility may adversely affect our business, financial condition and operating results.

Loans under the secured term loan facilities are subject to quarterly repayments. In addition, the loans under the Terminal Facility are subject to quarterly repayments of principal and interest beginning March 31, 2021. If at such time we have not generated sufficient cash flows, any such repayments and our declining borrowing availability could have a material adverse effect on our business, financial condition and operating results.

Our consolidated variable interest entity may enter into different financing arrangements, which could adversely affect our financial results.

In October 2019, we entered into a sale and leaseback transaction with respect to one of our vessels, *Navigator Aurora*¸ with a lessor, OCY Aurora Ltd, which is a newly formed special purpose vehicle ("SPV") and wholly owned subsidiary of Ocean Yield Malta Limited. The SPV was determined to be a variable interest entity ("VIE"). We are deemed to be the primary beneficiary of the VIE, and, as a result, we are required by U.S. GAAP to consolidate the SPV into our results. Although consolidated into our results, we have no control over the funding arrangements negotiated by the SPV, such as interest rates, maturity and repayment profiles. In consolidating the SPV, we must make certain assumptions regarding the debt amortization profile and the interest rate to be applied against the SPV's debt principal. For additional information, refer to Note 9—Variable Interest Entities to our consolidated financial statements. For a description of our current financing arrangements including those of the VIE, please read "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources" and "Item 5—Operating and Financial Review and Prospects—Tabular Disclosure of

Contractual Obligations." The funding arrangements negotiated by the VIE could adversely affect our financial results.

If interest rates increase, it will affect the interest rates under our credit facilities, which could affect our operating results.

Amounts borrowed under our existing credit facilities bear interest at an annual rate ranging from 2.30% to 2.70% above LIBOR and loans under our Terminal Facility bear interest at an annual rate of 2.75% to 3.00% above LIBOR. Interest rates have recently been at very low levels and any increase in interest rates would likely lead to an increase in LIBOR, which would affect the amount of interest payable on amounts that we borrow under our credit facilities, which in turn could have an adverse effect on our operating results.

In addition, we are exposed to a market risk relating to increases in interest rates because the amounts borrowed under our existing credit facilities bear interest at rates based on LIBOR. As of December 31, 2020, we had a total debt of approximately $685.9 million that is exposed to a floating interest rate based on LIBOR, which has been volatile recently and could affect the amount of interest payable on such debt. LIBOR and certain other interest "benchmarks" may be subject to regulatory guidance and/or reform that could cause interest rates under our current and future indebtedness to perform differently than in the past or cause other unanticipated consequences. The United Kingdom Financial Conduct Authority, which regulates LIBOR has announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative (i) immediately after December 31, 2021, in the case of all Pound Sterling, Euro, Swiss Franc and Japanese Yen settings, and the 1-week and 2-month US dollar settings; and immediately after June 30, 2023, in the case of the remaining US Dollar settings. While some of the agreements governing our indebtedness provide for an alternate method of calculating interest rates in the event that a LIBOR rate is unavailable, once LIBOR ceases to exist, there may be adverse impacts on the financial markets generally and interest rates on our indebtedness may be materially adversely affected. For those existing debt agreements that do not provide for an alternate method of calculating interest rates, we will be required to negotiate with the lenders to agree to an alternative basis for determining the interest rate, which could have material adverse impacts on our operating results.

In the U.S., an Alternative Reference Rates Committee has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for USD LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions.

On October 23, 2020, the International Swaps and Derivatives Association (ISDA) launched its IBOR Fallbacks Supplement to the 2006 ISDA Definitions and the ISDA 2020 IBOR Fallbacks Protocol. The FSB's OSSG had asked ISDA to lead the work on derivatives robustness and ISDA consulted on how best to calculate fair replacement rates for LIBOR. Through the FSB, authorities globally have strongly encouraged adherence to the Protocol, which came into effect on January 25, 2021 for all adhering parties. The Protocol remains open for adherence.

The timing and method of transition to alternative successor rates by December 31, 2021, or June 30, 2023, as applicable, for each currency other than US dollar LIBOR, which will transition by end-June 2023, is likely to differ and a number of transition uncertainties remain at this time. An alternative reference rate with inherent increased volatility compared to LIBOR, significant increases in LIBOR or uncertainty surrounding its phase out after 2021 and mid-2023 could adversely affect our business, financial condition, operating results and cash flows.

The derivative contracts we have or may enter into to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and reductions in our shareholders' equity, as well as charges against our income.

We have entered into a cross-currency interest rate swap and floating-to-fixed interest rate swaps and we may enter into further swaps for purposes of managing our exposure to fluctuations in interest rates and foreign

exchange rates applicable to indebtedness under our secured term loan facilities and revolving credit facility which were advanced at floating rates based on LIBOR. However, our hedging strategies may not be effective and we may incur substantial losses if interest rates move materially differently from our expectations.

To the extent our derivative contracts do not qualify for treatment as hedges for accounting purposes, we recognize fluctuations in the fair value of such contracts in our statements of operations. In addition, changes in the fair value of derivative contracts, even those that qualify for treatment as hedges, will be recognized as derivative assets or liabilities on our balance sheet, and can affect compliance with the net worth covenant requirements in our secured term loan facilities. In addition, we may have to cash collateralize unrealized losses on these derivatives, thus reducing our liquidity covenants headroom. The unrealized gains or losses relating to changes in fair value of our derivative instruments do not impact our cash flows, other than providing cash collateral security during the term of the cross-currency derivative contract. However, our financial condition could also be materially adversely affected to the extent we do not hedge our exposure to interest rate fluctuations under our financing arrangements under which loans have been advanced at a floating rate based on LIBOR.

Any hedging activities we engage in may not effectively manage our interest rate exposure or have the desired impact on our financial conditions or operating results.

Our business depends upon certain key employees.

Our future success depends to a significant extent upon certain members of our senior management team, who have substantial experience in the shipping industry and with the Company and are crucial to the development of our business strategy and to the growth and development of our business. In the event of the loss of any of these individuals, we may be unable to recruit replacement individuals with the equivalent talent and experience, which could adversely affect our business, financial condition and operating results.

Our major shareholder may exert considerable influence on the outcome of matters on which our shareholders will be entitled to vote, and its interests may be different from yours.

On December 22, 2020, the WLR Group, our previous major shareholder, sold all of the 21,863,874 shares of our common stock then owned by the WLR Group to the BW Group (the "BW Group Sale"), representing an approximately 39.1% ownership interest in us. In connection with the BW Group Sale, we entered into an Investor Rights Agreement with BW Group, which provides, among other things, BW Group with the right to designate two members of the board of directors of Navigator (provided that BW Group maintains certain ownership levels in us) and with certain registration rights and informational rights. The BW Group may exert considerable influence on the outcome of matters on which our shareholders are entitled to vote, including the election of our directors to our board of directors and other significant corporate actions. The interests of the BW Group may be different from your interests.

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

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to satisfy our financial obligations depends on our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third-party, including a creditor, or by the Republic of the Marshall Islands law, which regulates the payment of dividends by companies formed thereunder.

In addition, under the secured term loan facilities, Navigator Gas L.L.C., our wholly-owned subsidiary, and our vessel-owning subsidiaries that are parties to the secured term loan facilities and revolving credit facility may not

make distributions to us out of operating revenues from vessels securing indebtedness thereunder, redeem any shares or make any other payment to our shareholders if an event of default has occurred and is continuing. Please read "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facility." Further, Navigator Ethylene Terminals LLC, our wholly-owned subsidiary and the borrower under our Terminal Facility, can only pay dividends if it satisfies certain customary conditions to paying a dividend, including maintaining a debt service coverage ratio for the immediately preceding four consecutive fiscal quarters and the projected immediately succeeding four consecutive fiscal quarters of not less than 1.20 to 1.00 and no default or event of default has occurred or is continuing.

The inability of our subsidiaries to make distributions to us would have an adverse effect on our business, financial condition and operating results.

Risks Relating to Our Common Stock

We may issue additional equity securities without your approval, which would dilute your ownership interests.

We may issue additional shares of common stock or other equity or equity-linked securities without the approval of our shareholders, subject to certain limited approval requirements of the NYSE. In particular, we may finance all or a portion of the acquisition price of future vessels, including newbuildings, that we agree to purchase through the issuance of additional shares of common stock. Our amended and restated articles of incorporation, which became effective on November 5, 2013, authorize us to issue up to 400,000,000 shares of common stock, of which 55,893,618 shares were outstanding as of December 31, 2020. The issuance by us of additional shares of common stock or other equity or equity-linked securities of equal or senior rank will have the following effects:

- our shareholders' proportionate ownership interest in us will decrease;
- the relative voting strength of each previously outstanding share may be diminished; and
- the market price of the common stock may decline.

Future sales of our common stock could cause the market price of our common stock to decline.

Sales of a substantial number of our shares of common stock in the public market, or the perception that these sales could occur, may depress the market price for our common stock. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future. BW Group, our principal shareholder, owned 39.1% of our common stock, as of December 31, 2020. In the future, BW Group may elect to sell large numbers of shares which may adversely affect the market price of our common stock.

We have no current plans to pay dividends on our common stock. Consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We have no current plans to declare dividends on our common stock. Consequently, your only opportunity to achieve a return on your investment in us will be if you sell your shares of common stock at a price greater than you paid for it. There is no guarantee that the market price of our common stock will ever exceed the price that you pay.

The obligations associated with being a public company require significant resources and management attention.

As a public company in the United States, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the "Exchange Act," and the Sarbanes-Oxley Act of 2002, or the "Sarbanes-Oxley Act," the listing requirements of the NYSE and other applicable securities rules and

regulations. The Exchange Act requires that we file annual and current reports with respect to our business, financial condition and operating results. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we continue to take may not be sufficient to satisfy our obligations as a public company.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative costs and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, operating results and cash flow could be adversely affected.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. In addition, any testing we conduct in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or any testing conducted by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Ineffective internal controls could subject us to regulatory scrutiny and sanctions and also cause investors to lose confidence in our reported financial information, limit our ability to access capital markets or require us to incur additional costs to improve our internal control and disclosure control systems and procedures, which could harm our business and have a negative effect on the trading price of our securities.

We have identified a material weaknesses in our internal control over financial reporting. If we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, it could result in material misstatements of our financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We previously reported in our Annual Report on Form 20-F for the year ended December 31, 2019 filed on May 8, 2020 (the "2019 Annual Report") three material weaknesses in our internal control over financial reporting. As of December 31, 2020, we continue to have a material weakness in our internal control over financial reporting due to a lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in the application of U.S. GAAP and SEC financial reporting requirements.

Consequently, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2020 (See "Item 15. Controls and Procedures"). If we are unable to successfully remediate these material weaknesses in a timely manner, or if we identify additional material weaknesses in the future or we are unable to maintain effective internal controls and disclosure controls, investors may lose confidence in our reported financial information, which could lead to a decline in the price of our common stock, limit our ability to access the capital markets in the future, and require us to incur additional costs to improve our internal control and disclosure control systems and procedures. Further, if lenders lose confidence in the reliability of our financial statements, it could have a material adverse effect on our ability to fund our operations.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

We are a "foreign private issuer," as such term is defined in Rule 405 under the Securities Act of 1933, as amended, and therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. Under Rule 405, the determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter.

In the future, we would lose our foreign private issuer status if a majority of our shareholders, directors or management are U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the domestic compensation philosophy, objectives, annual total compensation (base salary, bonus, equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F, including this annual report, permits foreign private issuers to disclose compensation information on an aggregate basis. We would also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders would become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies or lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

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

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

Because we are a Marshall Islands corporation, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are a Marshall Islands corporation, and a substantial portion of our assets and several of our executive offices are located outside of the United States. A majority of our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Republic of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our directors and officers.

There is substantial doubt that the courts of the Republic of the Marshall Islands would (1) enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws; or (2) recognize or enforce against us or any of our officers, directors or experts, judgments of courts of the United States predicated on U.S. federal or state securities laws. The Republic of the Marshall Islands does not have a bankruptcy statute or general statutory mechanism for insolvency proceedings.

Provisions of our articles of incorporation and bylaws may have anti-takeover effects.

Several provisions of our articles of incorporation, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire our company. However, these anti-takeover provisions could also discourage, delay or prevent the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and the removal of incumbent officers and directors.

Blank Check Preferred Stock. Under the terms of our articles of incorporation our board of directors has the authority, without any further vote or action by our shareholders, to issue up to 40,000,000 shares of "blank check" preferred stock. Our board could authorize the issuance of preferred stock with voting or conversion rights that could dilute the voting power or rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us or the removal of our management and may harm the market price of our common stock.

Election of Directors. Our articles of incorporation provide that directors will be elected at each annual meeting of shareholders to serve until the next annual meeting of shareholders and until his or her successor shall have been duly elected and qualified, except in the event of his or her death, resignation, removal or the earlier termination of his or her term of office. Our articles of incorporation do not provide for cumulative voting in the election of directors. Our bylaws require shareholders to provide advance written notice of nominations for the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Advance Notice Requirements for Shareholder Proposals and Director Nominations. Our bylaws provide that, with a few exceptions, shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be received at our principal executive office not less than 90 days or more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of shareholders. Our bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Limited Actions by Shareholders. Our bylaws provide that only the board of directors may call special meetings of our shareholders and the business transacted at the special meeting is limited to the purposes stated in the notice.

Tax Risks

In addition to the following risk factors, please read "Item 4—Information on the Company—Business Overview—Taxation of the Company" and "Item 10—Additional Information—Taxation" for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of our common stock.

We may be subject to additional taxes, which could adversely impact our business and financial results.

We and our subsidiaries are subject to tax in the jurisdictions in which we or our subsidiaries are organized or operate. In computing our tax obligations in these jurisdictions, we are required to take into account various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. Upon review of these positions the applicable authorities may disagree with our positions. A successful challenge by a tax authority could result in additional tax imposed on us or our subsidiaries. In addition, changes in our operations or ownership could result in additional tax being imposed on us or our subsidiaries in jurisdictions in which operations are conducted, or deemed to be conducted, which could adversely impact our business and financial results.

U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. shareholders.

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a "passive foreign investment company," or "PFIC," for U.S. federal income tax purposes if at least 75.0% of its gross income for any taxable year consists of "passive income" or at least 50.0% of the average value of its assets produce, or are held for the production of, "passive income." For purposes of these tests, "passive income" includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their interests in the PFIC.

Based on our current and projected method of operation we believe that we were not a PFIC for any prior taxable year, and we expect that we will not be treated as a PFIC for the current or any future taxable year. We believe that more than 25.0% of our gross income for each taxable year was or will be non-passive income, and more than 50.0% of the average value of our assets for each such year was or will be held for the production of such non-passive income. This belief is based on certain valuations and projections regarding our assets and income, and its validity is conditioned on the accuracy of such valuations and projections. While we believe such valuations and projections to be accurate, the shipping market is volatile and no assurance can be given that our assumptions and conclusions will continue to be accurate at any time in the future.

Moreover, there are legal uncertainties involved in determining whether the income derived from our time-chartering activities constitutes rental income or income derived from the performance of services. In *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir. 2009), the United States Court of Appeals for the Fifth Circuit, or the "Fifth Circuit," held that income derived from certain time-chartering activities should be treated as rental income rather than services income for purposes of a provision of the Internal Revenue Code of 1986, as amended, or the "Code," relating to foreign sales corporations. In that case, the Fifth Circuit did not address the definition of passive income or the PFIC rules; however, the reasoning of the case could have implications as to how the income from a time charter would be classified under such rules. If the reasoning of the case were extended to the PFIC context, the gross income we derive from our time-chartering activities may be treated as rental income, and we would likely be treated as a PFIC. In published guidance, the Internal Revenue Service, or "IRS," stated that it disagreed with the holding in *Tidewater* and specified that time charters similar to those at issue in that case should be treated as service contracts. We have not sought, and we do not expect to seek, an IRS ruling on the treatment of income generated from our time-chartering activities. As a result, the IRS or a court could disagree with our position. No assurance can be given that this result will not occur. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to each taxable year, we cannot assure shareholders that the nature of our operations will not change in the future and that we will not become a PFIC in the future. If the IRS were to determine that we are or have been a PFIC for any taxable year (and regardless of whether we remain a PFIC for subsequent taxable years), our U.S. shareholders would face adverse U.S. federal income tax consequences. Please read "Item 10—Additional Information—Taxation—Material U.S. Federal Income Tax Consequences—U.S. Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences" for a more detailed discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

We may have to pay tax on U.S. source income with respect to the operation of our vessels, and business conducted within the United States, which would reduce our cash flow.

Under the Code, "U.S. source gross transportation income" (as defined below) is subject to a 4.0% U.S. federal income tax without allowance for deductions, unless an exemption from tax applies under a tax treaty or Section 883 of the Code and the Treasury Regulations promulgated thereunder. U.S. source gross transportation

income consists of 50.0% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves, that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States.

If a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder, it will not be subject to the 4.0% U.S. federal income tax referenced above on its U.S. source gross transportation income. The Section 883 exemption does not apply to income attributable to transportation that both begins and ends in the United States.

We believe that with respect to the operation of our vessels, we satisfied the requirements to qualify for an exemption from U.S. tax on our U.S. source gross transportation income imposed by Section 883 of the Code for 2020, and we take the position that we will be able to satisfy those requirements for 2021 and future taxable years provided that our common stock satisfies certain listing and trading requirements and not more than 50.0% of our common stock is owned, or is deemed to be owned by operation of certain attribution rules, for more than half of the days of such year, by shareholders with a 5.0% or greater interest in our stock. The composition of owners of our common stock, including the quantity of our common stock a shareholder may purchase in a given year, and the trading volumes of our common stock, are factual circumstances beyond our control. As a result, there can be no assurance that we can satisfy this stock ownership requirement for the current or any future year. If we did not satisfy the stock ownership requirement, we would likely not qualify for an exemption under Section 883 for such year. If we fail to qualify for this exemption in any taxable year, U.S. source gross transportation income earned by us and our subsidiaries will generally be subject to a 4.0% U.S. federal income tax and would adversely impact our business and financial results. For a more detailed discussion of Section 883 of the Code, the rules relating to exemptions under Section 883 and our ability to qualify for an exemption, please read "Item 4—Information on the Company—Business Overview—Taxation of the Company—U.S. Taxation."

In addition to our U.S. source gross transportation income, we expect to generate U.S. taxable income as a result of our Marine Export Terminal in the U.S. Gulf becoming operational. Our U.S. subsidiary generally will be subject to U.S. federal income tax (generally at a rate of 21.0%) on its 50% share of any net income from the Marine Export Terminal.

Item 4. Information on the Company

A. History and Development of the Company

General

Navigator Holdings Ltd. was formed in 1997 as an Isle of Man public limited company for the purpose of building and operating a fleet of five semi-refrigerated, ethylene-capable liquefied gas carriers. In March 2008, we redomiciled as a corporation in the Republic of the Marshall Islands and we maintain our principal executive offices at 10 Bressenden Place, London, SW1E 5DH. Our telephone number at that address is +44 20 7340 4850. Our agent for service of process in the United States is CT Corporation System and its address is 28 Liberty Street, New York, New York 10005.

In November 2013, we completed our initial public offering of 13,800,000 shares of our common stock, comprising 9,030,000 new shares of common stock and certain selling shareholders offered 4,770,000 shares of common stock. As of December 31, 2020 we had 55,893,618 shares of our common stock outstanding. Please see "Item 7—Major Shareholders and Related Party Transactions."

Our shares of common stock are traded on the New York Stock Exchange under the ticker symbol "NVGS."

We maintain a website on the Internet at www.navigatorgas.com. The SEC maintains a website on the Internet that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

B. Business Overview

We are the owner and operator of the world's largest fleet of handysize liquefied gas carriers. We also own a 50% share in an ethylene export marine terminal at Morgan's Point, Texas on the Houston Ship Channel (the "Marine Export Terminal") through a joint venture (the "Export Terminal Joint Venture").

Our liquefied gas carrier fleet currently consists of 38 vessels, 33 of which are semi- or fully-refrigerated handysize liquefied gas carriers, and ten of these are ethylene/ethane capable. We define handysize liquefied gas carriers as those liquefied gas carriers with capabilities between 15,000 and 24,999 cubic meters, or "cbm". In addition, we have five 37,300 – 38,000 cbm midsize liquefied gas carriers with four of which are ethylene/ ethane-capable semi-refrigerated liquefied gas carriers.

Our handysize liquefied gas carriers typically transport LPG on short or medium routes that may be uneconomical for smaller vessels and can call at ports that are unable to support larger vessels due to limited onshore capacity, absence of fully-refrigerated loading infrastructure and/or vessel size restrictions. These handysize liquefied gas carriers are amongst the largest semi-refrigerated vessels in the world, which also makes them capable of transporting petrochemicals on long routes, typically intercontinental.

We play a vital role in the liquefied gas supply chain for energy companies, industrial consumers and commodity traders, with our sophisticated vessels providing an efficient and reliable 'floating pipeline' between the parties. We carry LPG for major international energy companies, state-owned utilities and reputable commodities traders. LPG, which consists of propane and butane, is a relatively clean alternative energy source with more than 1,000 applications, including as a heating, cooking and transportation fuel and as a petrochemical and refinery feedstock. LPG is a by-product of oil refining and natural gas extraction, and shale gas, principally from the U.S.

We also carry petrochemical gases for numerous industrial users. Petrochemical gases, including ethylene, propylene, butadiene and vinyl chloride monomer, are derived from the cracking of petroleum feedstocks such as ethane, LPG and naphtha and are primarily used as raw materials in various industrial processes, like the manufacture of plastics, vinyl and rubber, with a wide application of end uses. Our vessels also carry ammonia for the producers of fertilizers, a main use of ammonia for the agricultural industry, and for ammonia traders.

The construction of the Marine Export Terminal was completed in December 2020 with the commissioning of the 30,000 ton cryogenic storage tank and its entering into operations. The Marine Export Terminal has the capacity to export at least one million tons of ethylene per year and provides the capability to load ethylene at rates of 1,000 tons per hour. The full post-tank commitments of the offtake agreements, which have minimum terms of five years, came into effect on January 1, 2021 and provide for a minimum of 938,000 tons of ethylene through the terminal annually.

Recent Developments

On April 12, 2021, the Company announced the signing of a non-binding Letter of Intent with Naviera Ultranav Limitada ("Ultranav") to merge Ultragas ApS' ("Ultragas") fleet and business activities with Navigator. The combined fleet would total 56 vessels.

In connection with the proposed acquisition of Ultragas' fleet, it is expected that Navigator would issue approximately 21.2 million new shares of its common stock to Ultranav, and assume Ultragas' net debt of approximately $197 million, as well as its net working capital. After giving effect to the proposed issuance of its new shares of common stock to Ultranav, Navigator is expected to have a total of approximately 77.1 million shares of common stock outstanding, of which Ultranav would own approximately 27.5% and BW Group would own approximately 28.4%. The transaction is subject to the execution of a definitive share purchase agreement, approval by the boards of directors of both Navigator and Ultragas, regulatory approvals and other customary closing conditions. The parties anticipate closing the transaction by the end of the second quarter of 2021. There can be no assurance that a definitive share purchase agreement relating to the transaction will be executed or that the transaction will be completed on the terms anticipated or at all.

This annual report shall not constitute an offer to sell or a solicitation of an offer to buy any securities, nor shall there be any sale of any securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

Our Business Strategies

Our objective is to enhance shareholder value by executing the following business strategies:

- ***Delivering a safe and sustainable future.*** In order to achieve our aspiration of delivering a safe and sustainable future, we need to think about our impact, not only our financial impact but also our environmental and social impact. To achieve this throughout the whole Company, we will ensure that responsibility for environmental and social impact sits at the highest level of the organization and will be anchored through our values, vision and strategy.
- ***Maximize the throughput of the Marine Export Terminal***. We aim to extract the maximum capabilities from the Marine Export terminal, increasing throughput above the nameplate one million tons per annum capacity to maximize stockholder value and utilize our ethylene capable gas carriers in transporting the ethylene across the globe.
- ***Maintain a customer-driven chartering strategy.*** We will continue to seek and build strong partnerships through open collaboration and by continually meeting our clients' specialist requirements, and in doing so enhance our returns through a flexible vessel employment strategy that includes a base of long-term time charter commitments. In addition, we will seek to further strengthen our existing relationships with customers based on mutual trust, our depth of technical expertise and a modern versatile fleet.
- ***Capitalize on the increasing demand for seaborne transportation of ethane and ethylene.*** We intend to use our ethane and ethylene capable vessels to pursue long-term charter commitments from increases in transportation opportunities globally for ethane and ethylene that we expect will result directly and indirectly from the growth in U.S. shale oil and gas production and associated hydro-carbons.
- ***Taking business and asset efficiencies to the next level***. In a world that has become disrupted by automation, information, and artificial intelligence, all of us will need to become lifelong learners to adapt and thrive in a changing global economy. We will be exploring current and future fuel options to improve how we operate and reduce our environmental impacts in support of new initiatives and regulations which aim to enhance the maritime shipping industry. We are working with the Poseidon Principles initiative, which aims to contribute to the ambitions of the IMO to reduce shipping's total annual greenhouse gas emissions by at least 50% by 2050.
- ***Maintain reputation for operational excellence.*** We believe we have established a track record in the industry of operational excellence based on our significant experience in the operation and ownership of highly sophisticated liquefied gas carriers. We will endeavor to maintain and improve these high standards with regard to cargo handling, vessel performance and reliability and operational excellence.
- ***Provide a strong in-house technical management function.*** We now provide in-house technical management for 17 of our 38 vessels, as we continue to refine and improve our systems, whilst understanding the importance of complying with health, safety and environmental regulations as well as operating to the highest standards transporting cargoes safely, reliably and efficiently around the globe.
- ***Maintain a strong balance sheet with manageable debt levels.*** We will seek to maintain a strong balance sheet by managing our current leverage and in the future by financing our growth with a balanced mix of cash from operations, bank and bond financings and with equity.

Our Fleet

The following table sets forth our vessels as of May 14, 2021:

Operating Vessel	Year Built	Vessel Size (CBM)	Employment Status	Current Cargo	Charter Expiration Date
Ethylene/ethane capable semi-refrigerated					
Navigator Orion*	2000	22,085	Spot market	Ethane	—
Navigator Neptune*	2000	22,085	Spot market	Ethylene	—
Navigator Pluto	2000	22,085	Time charter	LPG	June 2021
Navigator Saturn*	2000	22,085	Spot market	Ethane	—
Navigator Venus*	2000	22,085	Spot market	Ethylene	—
Navigator Atlas*	2014	21,000	Spot market	Ethane	—
Navigator Europa*	2014	21,000	Spot market	Ethylene	—
Navigator Oberon*	2014	21,000	Contract of affreightment	Ethylene	—
Navigator Triton*	2015	21,000	Spot market	Ethane	—
Navigator Umbrio*	2015	21,000	Spot market	LPG	—
Navigator Aurora	2016	37,300	Time charter	Ethane	December 2026
Navigator Eclipse	2016	37,300	Time charter	Ethane	March 2022
Navigator Nova	2017	37,300	Time charter	Ethane	September 2023
Navigator Prominence	2017	37,300	Time charter	Ethane	December 2021
Semi-refrigerated					
Navigator Magellan	1998	20,928	Spot market	Propylene	—
Navigator Aries	2008	20,550	Time charter	LPG	November 2021
Navigator Capricorn	2008	20,600	Spot market	LPG	—
Navigator Gemini	2009	20,750	Spot market	Butadiene	—
Navigator Pegasus	2009	22,200	Time charter	Propylene	March 2022
Navigator Phoenix	2009	22,200	Time charter	LPG	May 2022
Navigator Scorpio	2009	20,665	Spot market	—	—
Navigator Taurus	2009	20,750	Spot market	LPG	—
Navigator Virgo	2009	20,750	Spot market	LPG	—
Navigator Leo	2011	20,647	Time charter	LPG	December 2023
Navigator Libra	2012	20,647	Time charter	LPG	December 2023
Navigator Centauri	2015	22,000	Time charter	LPG	May 2022
Navigator Ceres	2015	22,000	Time charter	LPG	June 2022
Navigator Ceto	2016	22,000	Time charter	LPG	May 2022
Navigator Copernico	2016	22,000	Drydock	—	—
Navigator Luga	2017	22,000	Time charter	LPG	February 2022
Navigator Yauza	2017	22,000	Time charter	LPG	April 2022
Fully-refrigerated					
Navigator Glory	2010	22,500	Time charter	Ammonia	May 2022
Navigator Grace	2010	22,500	Time charter	LPG	June 2021
Navigator Galaxy	2011	22,500	Time charter	Ammonia	November 2021
Navigator Genesis	2011	22,500	Time charter	LPG	July 2021
Navigator Global	2011	22,500	Time charter	LPG	January 2022
Navigator Gusto	2011	22,500	Time charter	LPG	December 2021
Navigator Jorf	2017	38,000	Time charter	Ammonia	August 2027

* *denotes our nine owned vessels that operate within the Luna Pool*

Following a sale and leaseback transaction in October 2019, *Navigator Aurora,* is owned by OCY Aurora Ltd., a Maltese limited liability company. OCY Aurora Ltd., the "lessor entity", is a wholly owned subsidiary of Ocean Yield Malta Limited. We do not hold any shares or voting rights in the lessor entity which is accounted for as a fully consolidated VIE in our consolidated financial statements. Please read Note 9—Variable Interest Entities to our consolidated financial statements.

Navigator Aries and *Navigator Global* which are chartered to Pertamina, the Indonesian state-owned producer of hydrocarbons, together with *Navigator Pluto*, are owned by PT Navigator Khatulistiwa, an Indonesian limited liability company, or "PTNK". Operations in Indonesia are subject, among other things, to the Indonesian Shipping Act. That law generally provides that in order for certain vessels involved in Indonesian cabotage to obtain the requested licenses, the owners must either be wholly Indonesian owned or have a majority Indonesian shareholding. PTNK is a joint venture of which 49% of the voting and dividend rights are owned by our wholly owned subsidiary, and 51% of such rights are owned by Indonesian limited liability companies. The joint venture agreement for PTNK provides that certain actions relating to the joint venture or the vessels require the prior written approval of our subsidiary, which may be withheld only on reasonable grounds and in good faith. PTNK is accounted for as a fully consolidated VIE in our consolidated financial statements.

As of December 31, 2020, the average monthly time charter rate for the 19 vessels operating under time charters was approximately $775,437 per calendar month ($25,494 per day) (December 31, 2019: $684,396 per calendar month ($22,501 per day) for 25 vessels operating under time charter). Our current monthly charter rates range from approximately $497,500 to approximately $1,186,250. These time charter rates are the gross monthly charter rates before deduction of any address and brokerage commissions payable to charterers and shipbrokers respectively. Address and brokerage commissions typically range between 1.25% and 2.5% of the gross monthly charter rate. On average, we pay a 2.1% address and brokerage commission with respect to our current time charters.

Our Customers

We provide seaborne transportation and distribution services for LPG, ethane, ethylene, petrochemical gases and ammonia to:

- **Major Oil and Gas Companies,** such as ExxonMobil, ENI, Repsol, BP, Shell, Phillips 66, Equinor; Sunoco/Energy Transfer and Total SA,; as well as state affiliated companies such as PEMEX, Gasmar, and OQ Trading; Pertamina, the Indonesian state-owned producer of hydrocarbons and petrochemicals; Sonatrach, the national oil and gas company of Algeria and its shipping company Hyproc; and PETRONAS, the state-owned oil and gas company of Malaysia;
- **Chemical Companies,** such as SABIC and Aramco, multi-national chemical manufacturing corporations based in Saudi Arabia; OCP, a world leading fertilizer producer and ammonia importer; BASF, INEOS, Reliance, Borealis, Dow, Invista and Evonik, all leading multi-national chemical corporations; Muntajat, a Qatari state-owned chemical producer; Braskem, a Brazilian petrochemical manufacturer; Sibur, a Russian gas processing and petrochemicals company and Asia Chemical Trading Pte and Zhejiang Satellite Petrochemical, both large Chinese chemical producers; and
- **Energy Trading Companies,** such as Mitsubishi International Corporation, Marubeni and Mitsui, trading all major commodities, finance and investment conglomerates; Kolmar, Integra, Vinmar and BGN, international commodity trading companies; Geogas and Petredec, LPG trading companies; Trafigura Limited, Clearlake and Global One Energy (Gloen), all international commodities trading and logistics companies; SHV, a multi-national energy trader and leading LPG distributor; Vitol Group, an independent energy trading company; Trammo, a leading international merchandising and trading company; and Glencore PLC, a multi-national commodity trading and mining company.

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of customers. Our customers include major oil and gas companies, chemical companies, energy trading companies, state owned oil companies and various other entities that depend upon marine transportation. Two of our customers accounted for more than 10.0% each, and in aggregate, 25.1% of our consolidated revenues during the year ended December 31, 2020, equivalent to $80.6 million of our total revenues. Four of our customers accounted for more than 10.0% each, and in aggregate, 54.1% of our consolidated revenues during the year ended December 31, 2019, equivalent to $163.5 million of our total revenues. During these periods, no other customer accounted for over 10% of our revenues. The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer, or the inability of a significant customer to pay for our services, could have a material adverse effect on our business, financial condition and results of operations.

Vessel Employment

Our chartering strategy is to combine a base of both short and long-term time charters, and COAs with voyage charters. We currently operate a total of 38 vessels. As of December 31, 2020, 19 vessels were employed under time charters, 14 were employed in the spot market and five were employed under contracts of affreightment.

Our voyage charters during 2020 remained focused on the seaborne transportation of petrochemicals. Our flexible, semi-refrigerated vessels are highly versatile in that they, unlike fully-refrigerated vessels, can accommodate petrochemicals, LPG and ammonia at ambient as well as fully-refrigerated temperatures. Vessel flexibility with the ability to easily change product grade has been vitally important as markets responded to the uncertainty of 2020.

We have seen an increase in the amount of ethylene carried across spot and time charter tonnage, from 275,460 mt in 2019 to 281,299 mt in 2020. Ethylene and ethane are highly specialized gases, that require sophisticated ethylene/ethane-capable tonnage to transport. We currently have 14 ethane/ethylene capable gas carriers on the water, one of the largest fleets of such vessels.

Petrochemicals (such as ethylene, ethane, propylene and butadiene) transported on spot voyage contracts during the 12 months of 2020 accounted for 86% of all voyage days compared to 75% of all voyage days in 2019. LPG transported on spot voyage contracts accounted for the remaining 14% of spot voyage days in 2020 compared to 25% in 2019.

A typical petrochemical voyage is categorized as long haul, or deep sea, and is typically much longer in duration compared to handysize LPG voyages, which tend to be regional based. Petrochemical voyages principally commence in the U.S., South America and the Middle East and sail to the Far East and Europe to discharge. However, these trade routes may change in the future, subject to fluctuating arbitrages between the various geographical regions.

Time Charter

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

Initial Term. The initial term for a time charter commences upon the vessel's delivery to the customer. Under the terms of our charters, the customer may redeliver the vessel to us up to 15 to 30 days earlier or up to 15 to 30 days later than the respective charter expiration dates, upon advance notice to us.

Hire Rate. The hire rate refers to the basic payment by the customer for the use of the vessel. Under our time charters, the hire rate is payable monthly in advance in U.S. Dollars, Euros or in case of the three ships chartered to Pertamina, in Indonesian Rupiah, as specified in the charter.

Hire payments may be reduced if the vessel does not perform to certain of its specifications, such as if the average vessel speed falls below a guaranteed speed or the amount of fuel consumed to power the vessel under normal circumstances exceeds a guaranteed amount, or if the vessel breaks down.

Off-hire. Under our time charters, when the vessel is "off-hire" (or not available for service), the customer generally is not required to pay the charter hire, and the shipowner is responsible for all costs. Prolonged off-hire may lead to vessel substitution or termination of the time charter. A vessel generally will be deemed off-hire if there is a loss of time due to, among other things:

- technical breakdowns; drydocking for repairs, maintenance or inspections; equipment breakdowns; or delays due to accidents, strikes, certain vessel detentions or operational issues; or
- our failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew.

Management and Maintenance. Under our time charters, we are responsible for providing for the technical management of the vessel and for maintaining the vessel, periodic drydocking, cleaning and painting and performing work required by regulations. Currently, we work with two third-party technical managers, Northern Marine Management ("NMM") and Thome Ship Management ("Thome") as well as our own in-house technical management function, to arrange for these services to be provided for all of our vessels. Please read "—Technical Management of the Fleet" for a description of the material terms of the technical management agreements.

Termination. Each of our time charters terminates automatically in the event of loss of the applicable vessel. In addition, we are generally entitled to suspend performance (but with the continuing accrual to our benefit of hire payments and default interest) under most of the time charters if the customer defaults in its payment obligations. Under most of the time charters, either party may also terminate the charter in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel.

Voyage Charter/ Contract of Affreightment ("COA")

A voyage charter is a contract, typically for shorter intervals, for transportation of a specified cargo between two or more designated ports. A COA essentially constitutes a series of voyage charters to carry a specified quantity of cargo during a specified time period, or for a specified number of voyages. A voyage charter is priced on a current or "spot" market rate, typically on a price per ton of product carried rather than a daily or monthly rate. Under voyage charters, we are responsible for all of the voyage expenses in addition to providing the crewing and other vessel operating services.

Term. Our voyage charters are typically for periods ranging from 10 days to three months.

Freight Rate. The freight rate refers to the basic payment by the customer for the use of the vessel or movement of cargo. Under our voyage charters, the freight rate is payable upon discharge, in U.S. Dollars, as specified in the charter.

Management, Maintenance and Voyage Expenses. Under our voyage charters, we are responsible for providing for the technical management of the vessel in the same manner as for time charters referred to above.

We are also responsible for all expenses unique to a particular voyage, including any bunker fuel consumption, port expenses and canal tolls.

Termination. Each of our voyage charters terminates automatically upon the discharge of the cargo at the discharge port and a COA terminates when we have discharged the final cargo at its discharge port.

Classification and Inspections

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

The classification society also undertakes on request other surveys and inspections that are required by the regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For maintenance of the class, regular and extraordinary surveys of hull and machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

Annual Surveys. For seagoing ships, annual surveys are conducted for the hull and machinery, including the electrical plant, and where applicable, on special equipment classed at intervals of 12 months from the date of commencement of the class period indicated in the certificate.

Intermediate Surveys. Extended annual surveys are referred to as intermediate surveys and typically are conducted two and a half years after commissioning and each class renewal.

Class Renewal Surveys. Class renewal surveys (also known as special surveys), which require the vessel to enter drydock, are carried out on the ship's hull and machinery, including the electrical plant, and on any special equipment classed at the intervals indicated by the character of classification for the hull. During the special survey, the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. On vessels which are over 15 years old, substantial amounts of funds may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey, a shipowner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

Commercial Management of the Fleet

We perform commercial management of our vessels in-house through our wholly-owned subsidiary, Navigator Gas L.L.C., under the terms of individual management contracts between Navigator Gas L.L.C. and each of our vessel-owning subsidiaries. Commercial management includes all chartering services for our vessels. Navigator Gas L.L.C. in turn has appointed its wholly-owned subsidiary, NGT Services (UK) Limited, as its agent for commercial services for our vessels.

In April 2020, we formed the Luna Pool, which comprises nine of our ethylene vessels and five ethylene vessels owned by Pacific Gas Pte. Ltd. and focuses on the transportation of ethylene and ethane to meet the growing demands of our customers. Our wholly-owned subsidiary, NGT Services (UK) Limited, is the commercial and accounting manager of the Luna Pool.

Technical Management of the Fleet

General

We outsource the technical management for approximately half of our fleet to NMM and Thome, third-party technical management companies, under the terms of standard BIMCO ship management agreements, or the

"technical management agreements." We refer to NMM and Thome herein as our "technical managers." We currently provide in-house technical management for 17 of our 38 vessels.

By managing some of our vessels in-house, we intend to seek opportunities to gain greater control over the management of our vessels and enhance safety, risk management, customer service, reliability and build strong relationships with our charterers. Providing in-house technical management for any vessel in our fleet may impose significant additional responsibilities on our management and staff. Please see "Item 3—Key Information—Risk Factors—Risks Related to Our Business". Navigator Gas Shipmanagement Ltd., our wholly-owned subsidiary, is accredited with International Standards Organization ("ISO") 14001 (Environmental Management System), ISO 9001 (Quality Management System) and ISO 45001 (Occupational Health & Safety) standards.

NMM is a wholly-owned subsidiary of Stena AB Gothenburg, formed in 1983 and located in Clydebank, Scotland. Thome was formed in 1976 and is a wholly owned subsidiary of Thome Group located in Singapore. Each of our technical managers are involved in the management of a wide range of vessels and both are very well established and respected companies within the ship management community. Our technical managers have fully-owned crew recruitment agencies in major crew recruitment centers around the world and are able to provide us with good quality competent officers and crews, to meet all of our crewing requirements. We believe our technical managers manage our vessels in a safe and proper manner in accordance with owners' requirements, design parameters, flag state and classification society requirements, charter party requirements and the international safety management (ISM) code. Both NMM and Thome are accredited to ISO 9001, ISO 14001 and ISO 45001 standards.

We believe our vessels are operated in a manner intended to protect the safety and health of employees, the general public and the environment. We actively manage the risks inherent in our business and are committed to eliminating incidents that threaten the Safety, Reliability and Efficiency of the vessels, such as groundings, fires, collisions and spills. We are actively committed to reducing greenhouse gas emissions and any waste generated by our activities, as part of our ISO 14001 commitments and in line with the Regulation of Greenhouse Gas Emissions as set out by the International Maritime Organization (IMO).

Technical Management Services

Under the terms of our ship management agreements with our technical managers, and under our own supervision, our technical managers are responsible for the day-to-day activities of our externally managed fleet and are required to, among other things:

- provide competent personnel to operate and supervise the maintenance and general efficiency of our vessels;
- arrange and supervise the maintenance, drydockings, repairs, alterations and upkeep of our vessels to the standards required by us and in accordance with all requirements and recommendations of our vessels' classification society, flag state and applicable national and international regulations;
- ensure that our vessels comply with the law of their flag state;
- arrange the supply of necessary stores, spares and lubricating oil for our vessels;
- appoint such surveyors and technical consultants as they may consider from time to time necessary;
- operate the vessels in accordance with the ISM Code and The International Security Code for Ports and Ships ("ISPS Code");
- develop, implement and maintain a safety management system in accordance with the ISM Code;
- arrange the sampling and testing of bunkers;
- install planned maintenance system software on-board our vessels;

- provide emergency response services and support to our vessels in case of an incident or accident; and
- operate our vessels in accordance with the agreed budgets.

In the event that our technical managers pay certain expenses attributable to us, we have agreed to indemnify our technical managers against such expenses. In the event that our technical managers (or any of their related companies) are sued as a result of a breach or alleged breach of an obligation of ours to a third-party, we have agreed to defend our technical managers (or their related companies) and indemnify our technical managers (and their related companies) against certain expenses incurred in their defense.

Fees and Expenses

As consideration for providing us with both technical and crewing management for our fleet, our third-party managers currently receive a management fee of approximately $0.2 million per vessel per year, payable in equal monthly installments in advance. We pay for any expenses incurred in connection with operating expenses for our vessels.

We carry insurance coverage consistent with industry standards for certain matters, but we cannot assure you that our insurance will be adequate to cover all extraordinary costs and expenses. Please read "—Insurance and Risk Management."

Notwithstanding the foregoing, if any costs and expenses are caused solely by our technical managers' negligence or willful default, our technical managers will be responsible for them subject to certain limitations. Our technical managers are insured against claims of errors and omissions by third parties.

Term and Termination Rights

The ship management agreements automatically renew on their termination dates unless terminated by either party with three months' prior written notice. Our technical managers may also terminate any of the ship management agreements immediately upon written termination notice to us if:

- they do not receive amounts payable by us under the agreement within the time period specified for payment thereof, or if the vessels are repossessed by any vessel mortgagees; or
- after notice to us of the default and a reasonable amount of time to remedy, we fail to:
  - comply with our obligation to indemnify them for any expenses attributable to us or defend them (and their related companies) against any third-party claims based on a breach or alleged breach of an obligation of ours to a third-party; or
  - cease the employment of our vessels in the transportation of contraband, blockage running, or in an unlawful trade, or on a voyage that in their reasonable opinion is unduly hazardous or improper.

If, for any reason under our technical managers' control, our technical managers fail to provide the services agreed upon under the terms of the management agreements or they fail to provide for the satisfaction of all requirements of the law of the vessels' flag state or the ISM Code, we may terminate the agreements immediately upon written notice of termination to our technical managers, as applicable, if, after notice to our technical managers of the default and a reasonable amount of time to remedy, they fail to remedy the default to our satisfaction.

The technical management agreements will automatically terminate (i) if the vessels are sold, are requisitioned, become a total loss or are declared as a constructive, compromised or arranged total loss, (ii) in the event of our winding up, dissolution, bankruptcy or the appointment of a receiver, or (iii) if we suspend payments, cease to carry on business or make any special arrangement with our creditors.

Under the terms of the NMM and Thome ship management agreements, in the event that the technical management agreement is terminated for any reason other than by reason of default by either technical manager or the loss, sale or other disposition of the vessels, we are obligated to continue to pay the management fee for three calendar months from the termination date.

Crewing

We have entered into crew management agreements with our technical managers for each of our vessels. Under the terms of the crew management agreements, our technical managers are responsible for arranging crews for our fleet and are required to, among other things:

- select and supply a suitably qualified crew for each vessel in our fleet;
- pay all crew wages and salaries;
- ensure that the applicable requirements of the laws of our vessels' flag states are satisfied in respect of the rank, qualification and certification of the crew;
- pay the costs of obtaining all documentation necessary for the crew's employment, such as vaccination certificates, passports, visas and licenses; and
- pay all costs and expenses of transportation of the crews to and from the vessels while traveling.

Unless two months' prior written notice of termination is given, the agreements are automatically extended. Crewing costs could be higher due to increased demand for qualified officers as the worldwide LNG and LPG carrier fleet continues to grow. Please read "Item 3—Key Information—Risk Factors—Risks Related to Our Business—A shortage of qualified officers makes it more difficult to crew our vessels and increases our operating costs. If a shortage were to develop, it could impair our ability to operate and have an adverse effect on our business, financial condition and operating results."

The crewing management fee is included with the technical management fee referred to above. For our in-house technically managed vessels, NMM provide separate crew management agreements costing approximately $0.06 million per vessel per year.

We believe that the crewing arrangements ensure that our vessels are crewed with qualified and competent seafarers that have the licenses required by international regulations and conventions. As of December 31, 2020 our vessels were crewed by approximately 1,300 seagoing staff.

Insurance and Risk Management

The operation of any ocean going vessel carries an inherent risk of catastrophic marine disasters, death or injury of persons and property losses caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. The occurrence of any of these events may result in loss of revenues or increased costs. While we believe that our present insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery

We carry "hull and machinery" insurance for each of our vessels, which insures against the risk of actual or constructive total loss of our vessels. Hull and machinery insurance also covers damage to mechanical equipment on board and loss of, or damage to a vessel due to marine perils such as collisions, grounding and weather. Each vessel in our existing fleet is covered for up to $100.0 million, with a deductible of $0.1 million to $0.125 million per incident or claim.

War Risks Insurance

We also carry insurance policies covering war risks. Each vessel in our existing fleet is covered for up to $100.0 million, with no deductible. When our vessels travel into certain hostile regions, we are required to notify our war risk insurance carrier and may incur an additional premium, generally for up to seven days. These additional premiums are declared by the insurance market depending on the region and are typically paid by the charterers pursuant to the terms of our time charter agreements and are paid by us under the terms of our voyage charter and COA agreements.

Protection and Indemnity Insurance Associations

We also carry "protection and indemnity" insurance for each of the vessels in our existing fleet to protect against most of the accident-related risks involved in the conduct of our business. Protection and indemnity insurance is provided by mutual protection and indemnity associations, or "P&I Associations," and covers our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss of or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. Each of the vessels in our existing fleet is entered in the Standard Steamship Owners' Protection & Indemnity Association (Bermuda) Limited, or "The Standard Club," or the Britannia Steam Ship Insurance Association Limited, or "Britannia," both P&I Associations which are members of The International Group of P&I Clubs, or "The International Group."

The Standard Club and Britannia each insure in excess of 100 million gross tons of shipping from all parts of the world and from most sectors of the shipping industry. The Standard Club and Britannia each have entered into pooling agreements to reinsure the respective association's liabilities. Each International Group P&I Association currently bears the first $10.0 million of each claim. The excess of each claim over $10.0 million up to $30.0 million is shared by the P&I Associations under the pooling agreement. The excess of each claim over $30.0 million up to $100.0 million is reinsured by Hydra, the captive insurance undertaken by the International Group of P&I Clubs. Claims in excess of $100.0 million are shared by the members of The International Group under a reinsurance contract (GLX), which provides coverage of up to $2.1 billion per claim. Claims in excess of $2.1 billion are pooled between The International Group by way of "overspill" up to a limit of $3.1 billion, while claims in excess of $3.1 billion are then returned to their respective P&I clubs. With the exceptions of pollution, crew and passenger claims, P&I insurance is only limited by the total tonnage afloat, which is currently represented by a theoretical limit of approximately $7 billion.

Our current protection and indemnity insurance coverage for pollution is limited to $1.0 billion per vessel per incident, with the following per vessel per incident deductibles of between $6,000 and $55,000 depending on the type of incident. As a member of both The Standard Club and Britannia, each of which is a member of The International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising The International Group.

Risk Management

To assess and mitigate risk we use computer based risk assessment tools, root cause analysis programs, planned and condition based maintenance programs, seafarers competence training programs, computer based training modules, seafarers workshops and seminars, as well as membership in emergency response organizations.

Environmental and Other Regulation

General

Governmental and international agencies extensively regulate the ownership and operation of our vessels. These regulations include international conventions and national, state and local laws and regulations in the countries

where our vessels now or, in the future, will operate or where our vessels are registered. We cannot predict the ultimate cost of complying with these regulations, or the impact that these regulations will have on the resale value or useful lives of our vessels. Various governmental and quasi-governmental agencies require us to obtain permits, licenses and certificates for the operation of our vessels.

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

We believe that the heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for tankers that conform to the stricter environmental standards. We will be required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with applicable local, national and international environmental laws and regulations. We intend to assure that the operation of our vessels will be in substantial compliance with applicable environmental laws and regulations and that our vessels will have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our results of operations or financial condition.

Navigator Gas Shipmanagement Ltd., NMM and Thome have been certified to the ISO 14001:2015 Environmental Management System standard. NMM has also certified to the ISO 50001:2018 (energy efficiency) standard. In summary terms, ISO 14000 is a family of standards related to environmental management systems that exists to help organizations minimize how their operations negatively affect the environment; comply with applicable laws, regulations, and other environmentally oriented requirements; and continually improve environmental performance.

International Maritime Regulations

The IMO is the United Nations' agency that provides international regulations governing shipping and international maritime trade. The requirements contained in the ISM Code, promulgated by the IMO, govern our operations. Among other requirements, the ISM Code requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a policy for safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and also describing procedures for responding to emergencies. We and our ship managers each hold a Document of Compliance under the ISM Code for operation of Gas Carriers. In 2017, the IMO's Maritime Safety Committee ("MSC") adopted Resolution MSC.428(98), Maritime Cyber Risk Management in Safety Management Systems, embracing guidelines on maritime cyber risk management approved by the MSC. This resolution affirmed the MSC's view that the ISM Code requires mitigation of cyber risk as part of the safety management system, and effectively provides that a vessel's safety management system must account for cyber

risks in compliance with the ISM Code no later than the vessel's first annual compliance verification after January 1, 2021.

Vessels that transport gas, including our vessels, are also subject to regulation under the International Gas Carrier Code, or the "IGC Code," published by the IMO. The IGC Code provides a standard for the safe carriage of liquid gases by prescribing the design and construction standards of vessels involved in such carriage. Compliance with the IGC Code must be evidenced by a Certificate of Fitness for the Carriage of Liquefied Gases in Bulk. Each of our vessels is in compliance with the IGC Code. Non-compliance with the IGC Code or other applicable IMO regulations may subject a shipowner or a bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

The IMO also promulgates ongoing amendments to the international convention for the Safety of Life at Sea 1974 and its protocol of 1988, otherwise known as "SOLAS." SOLAS provides rules for the construction of and equipment required for commercial vessels and includes regulations for safe operation and addresses maritime security. SOLAS requires the provision of lifeboats and other life-saving appliances, requires the use of the Global Maritime Distress and Safety System, which is an international radio equipment and watchkeeping standard, afloat and at shore stations, and relates to the Treaty on the Standards of Training and Certification of Watchkeeping Officers, or "STCW," also promulgated by the IMO. The STCW establishes minimum training, certification, and watchkeeping standards for seafarers. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance.

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

In January 2016, additional amendments became effective to the International Code for the Construction of Equipment of Ships Carrying Dangerous Chemicals in Bulk (IBC Code) that was adopted in May 2014. The provisions of the IBC Code are mandatory under MARPOL and SOLAS. These amendments, which entered into force in June 2014, pertain to revised international certificates of fitness for the carriage of dangerous chemicals in bulk and identifying new products that fall under the IBC Code.

In the wake of increased worldwide security concerns, the IMO amended SOLAS and added the ISPS Code as a new chapter to that convention effective July 1, 2004. The objective of the ISPS Code is to detect security threats and take preventive measures against security incidents affecting ships or port facilities. NMM has developed Security Plans, appointed and trained Ship and Office Security Officers and all of our vessels have been certified to meet the ISPS Code. See "—Vessel Security Regulations" for a more detailed discussion about these requirements.

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

Air Emissions

The International Convention for the Prevention of Marine Pollution from Ships, or "MARPOL," is the principal international convention negotiated by the IMO governing marine pollution prevention and response. MARPOL

imposes environmental standards on the shipping industry relating to oil spills, management of garbage, the handling and disposal of noxious liquids, sewage and air emissions. MARPOL 73/78 Annex VI "Regulations for the Prevention of Air Pollution," or "Annex VI," entered into force on May 19, 2005, and applies to all ships, fixed and floating drilling rigs and other floating platforms. Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts, emissions of volatile compounds from cargo tanks, incineration of specific substances, and prohibits deliberate emissions of ozone depleting substances. Annex VI also includes a global cap on sulfur content of fuel oil and allows for emission control areas ("ECAs") to be established with more stringent controls on sulfur emissions. The certification requirements for Annex VI depend on size of the vessel and time of periodic classification survey. Ships weighing more than 400 gross tons and engaged in international voyages involving countries that have ratified the conventions, or ships flying the flag of those countries, are required to have an International Air Pollution Certificate, or an "IAPP Certificate." Annex VI came into force in the United States on January 8, 2009. As of December 31, 2020, all our ships delivered or drydocked since May 19, 2005, have been issued IAPP Certificates.

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

Amendments to Annex VI that took effect in 2010 required progressively stricter reductions in sulfur emissions from ships. Beginning on January 1, 2012, fuel used to power ships in all seas could contain no more than 3.5% sulfur, and under IMO 2020, which commenced January 1, 2020, no more than 0.5% sulfur, with stricter limits on fuels used in ECAs. For fuels used in ECAs, the cap settled at 0.1% in January 2015. The amendments also established tiers of more stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The European directive 2005/33/EU, effective from January 1, 2010, bans the use of fuel oils containing more than 0.1% sulfur by mass by any merchant vessel while berthed or anchored in any EU port and, as amended, aligns with IMO 2020 requirements. Our vessels have achieved compliance, where necessary, by purchasing and utilizing fuel that meets the low-sulfur requirements.

More stringent emission standards for sulfur and nitrogen oxide apply in United States and Canadian coastal areas designated by the IMO's Marine Environment Protection Committee, as discussed in "—Clean Air Act" below. On March 26, 2010, the IMO designated waters off North American coasts as an ECA in which stringent emission standards would apply. The first-phase fuel standard for sulfur in the North American ECA went into effect in 2012, and the second phase began in 2015. Further, on July 15, 2011, the IMO designated waters around Puerto Rico and the U.S. Virgin Islands as an ECA. The first-phase fuel standard for sulfur in the U.S. Caribbean ECA went into effect in 2014, and the second phase began in 2015. Beginning in 2016, stringent engine standards for nitrogen oxide became effective in both the North American ECA and the U.S. Caribbean ECA. U.S. air emissions standards have incorporated these amended Annex VI requirements. Finally, China has designated three ECAs at the Pearl River Delta, the Yangtze River Delta and Bohai Bay. Beginning January 1, 2019, vessels operating within these areas were required to use fuels with no more than 0.5% sulfur. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems.

Ballast Water Management Convention

The IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the "BWM Convention," in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with a requirement for mandatory ballast water treatment. The BWM Convention entered into force on September 8, 2017; however IMO later decided to postpone the compliance date for existing vessels by 2 years, i.e. until the first renewal survey following September 8, 2019. As referenced below, the U.S. Coast Guard issued ballast

water management rules on March 23, 2012, and the U.S. Environmental Protection Agency, or "EPA," issued a five year Vessel General Permit (VGP) in March 2013 that contains numeric technology-based ballast water effluent limitations. The VGP program is in the process of being phased out and replaced with National Standards of Performance (NSPs) to be developed by EPA and implemented and enforced by the U.S. Coast Guard. The 2013 VGP remains in effect pending such transition to NSPs. From 2016 (or not later than the first intermediate or renewal survey after 2016), only ballast water treatment will be accepted by the BWM Convention. Installation of ballast water treatments systems will be needed on all our vessels to comply with the BWM Convention and U.S. regulations discussed below. We began fitting ballast water treatment system ("BWTS") on any of our vessels entering drydocks since January 1, 2018 and we had 14 vessels still to be fitted at December 31, 2020. The additional cost of a BWTS is approximately $0.6 million per vessel.

Bunker Convention/CLC State Certificate

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

Although the United States is not a party to these conventions, many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended in 2000, or the "CLC." Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. The limited liability protections are forfeited under the CLC where the spill is caused by the owner's actual fault and under the 1992 Protocol where the spill is caused by the owner's intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the CLC has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or on a strict-liability basis.

P&I Clubs in the International Group issue the required Bunkers Convention "Blue Cards" to provide evidence that there is in place insurance meeting the liability requirements. All of our vessels have received "Blue Cards" from their P&I Club and are in possession of a CLC State-issued certificate attesting that the required insurance coverage is in force.

Anti-Fouling Requirements

Anti-fouling systems, such as paint or surface treatment, are used to coat the bottom of vessels to prevent the attachment of molluscs and other sea life to the hulls of vessels. In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the "Anti-fouling Convention." The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings in anti-fouling systems after September 1, 2003. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-fouling System Certificate and undergo a survey before the vessel is put into service or when the anti-fouling systems are altered or replaced. We have obtained Anti-fouling System Certificates for all of our vessels and we do not believe that maintaining such certificates will have an adverse financial impact on the operation of our vessels.

Compliance Enforcement

The flag state, as defined by the United Nations Convention on Law of the Sea, has overall responsibility for the implementation and enforcement of international maritime regulations for all ships granted the right to fly its flag. The "Shipping Industry Guidelines on Flag State Performance" evaluates flag states based on factors such as sufficiency of infrastructure, ratification of international maritime treaties, implementation and enforcement of international maritime regulations, supervision of surveys, casualty investigations, and participation at IMO meetings. As of January 2016, auditing of flag states that are parties to the SOLAS convention is mandatory and are conducted under the IMO Instruments Implementation Code (III Code), which provides guidance on implementation and enforcement of IMO policies by flag states. These audits may lead the various flag states to be more aggressive in their enforcement, which may in turn lead us to incur additional costs.

Non-compliance with the ISM Code and other IMO regulations may subject the vessel owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The U.S. Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code by the applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively.

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

U.S. Environmental Regulation of Our Vessels

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

Oil Pollution Act of 1990

The U.S. Oil Pollution Act of 1990, or "OPA 90," established an extensive regulatory and liability regime for environmental protection and cleanup of oil spills. OPA 90 affects all owners and operators whose vessels trade with the United States or its territories or possessions, or whose vessels operate in the waters of the United States, which include the U.S. territorial waters and the two hundred nautical mile exclusive economic zone of the United States. OPA 90 may affect us because we carry oil as fuel and lubricants for our engines, and the discharge of these could cause an environmental hazard. Under OPA 90, vessel operators, including vessel owners, managers and bareboat or "demise" charterers, are "responsible parties" who are all liable regardless of fault, individually and as a group, for all containment and clean-up costs and other damages arising from oil spills from their vessels. These "responsible parties" would not be liable if the spill results solely from the act or omission of a third-party, an act of God or an act of war. The other damages aside from clean-up and containment costs are defined broadly to include:

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

Effective November 12, 2019, the U.S. Coast Guard adjusted the limits of OPA liability to the greater of $2,300 per gross ton or $19.9 million for any double-hull tanker that is over 3,000 gross tons (subject to possible adjustment for inflation) (relevant to the Alma Maritime carriers). These limits of liability do not apply, however, where the incident is caused by violation of applicable U.S. federal safety, construction or operating regulations, or by the responsible party's gross negligence or willful misconduct. These limits likewise do not apply if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with the substance removal activities. This limit is subject to possible adjustment for inflation. OPA 90 specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters. In some cases, states, which have enacted their own legislation, have not yet issued implementing regulations defining shipowners' responsibilities under these laws. We believe that we are in substantial compliance with OPA 90 and all applicable state regulations in the ports where our vessels call. OPA 90 requires owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the limit of their potential strict liability under OPA 90. Under the regulations, evidence of financial responsibility may be demonstrated by insurance, surety bond, self-insurance or guaranty. Under OPA 90 regulations, an owner or operator of more than one vessel is required to demonstrate evidence of financial responsibility for the entire fleet in an amount equal only to the financial responsibility requirement of the vessel having the greatest maximum liability under OPA 90. Each of our ship-owning subsidiaries that has vessels trading in U.S. waters has applied for and obtained from the U.S. Coast Guard National Pollution Funds Center, three-year certificates of financial responsibility, or "COFRs," supported by guarantees which we purchased from an insurance based provider. We believe that we will be able to continue to obtain the requisite guarantees and that we will continue to be granted COFRs from the U.S. Coast Guard for each of our vessels that is required to have one.

Future spills could prompt the U.S. Congress to consider legislation to increase or even eliminate the limits of liability under OPA 90. Compliance with any new requirements of OPA 90 may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes. Any additional legislation or regulation applicable to the operation of our vessels that may be adopted in the future could adversely affect our business and ability to make distributions to our shareholders.

Clean Water Act

The United States Clean Water Act, or "CWA," prohibits the discharge of oil or hazardous substances in United States navigable waters unless authorized by a permit or exemption and imposes strict liability in the form of penalties for unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The EPA has enacted rules governing the regulation of ballast water discharges and other discharges incidental to the normal operation of vessels within U.S. waters. The rules have historically required commercial vessels 79 feet in length or longer (other than commercial fishing vessels), or "Regulated Vessels," to obtain a CWA permit regulating and authorizing such normal discharges. This permit, which the EPA has designated as the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels, or "VGP," incorporates the current U.S. Coast Guard requirements for ballast water management as well as supplemental ballast water requirements, including limits applicable to 26 specific discharge streams, such as deck runoff, bilge water and gray water.

The VGP was updated in 2013 to incorporate numeric effluent limits for ballast water expressed as the maximum concentration of living organisms in ballast water, as opposed to the prior non-numeric requirements. These requirements correspond with the IMO's requirements under the BWM Convention, as discussed above. The permit also contains maximum discharge limitations for biocides and residuals. All vessels calling on U.S. ports are now subject to the requirements of the VGP.

The 2013 VGP includes a tiered requirement for obtaining coverage based on the size of the vessel and the amount of ballast water carried. Vessels that are 300 gross tons or larger and have the capacity to carry more than

eight cubic meters of ballast water must submit notices of intent (NOIs) to receive permit coverage between six and nine months after the permit's issuance date. Vessels that do not need to submit NOIs are automatically authorized under the permit.

The VGP imposes additional requirements on certain Regulated Vessel types that emit discharges unique to those vessels. Administrative provisions, such as inspection, monitoring, recordkeeping and reporting requirements, are also included for all Regulated Vessels.

In December 2018, the Vessel Incidental Discharge Act (VIDA) was signed into law and restructured the EPA and the U.S. Coast Guard programs for regulating incidental discharges from vessels. Rather than requiring CWA permits, the discharges will be regulated under a new CWA Section 312(p) establishing Uniform National Standards for Discharges Incidental to Normal Operation of Vessels. Under VIDA, VGP provisions and existing U.S. Coast Guard regulations will be phased out over a period of approximately four years and replaced with National Standards of Performance (NSPs) to be developed by EPA and implemented and enforced by the U.S. Coast Guard. On October 26, 2020, EPA issued proposed regulations to establish NSPs, including general discharge standards of performance, covering general operation and maintenance, biofouling management, and oil management, and specific discharge standards applicable to specified pieces of equipment and systems. The scheduled expiration date of the 2013 VGP was December 18, 2018, but under VIDA the provisions of the VGP will remain in place until the new regulations are in place.

In addition to the requirements in the VGP (to be replaced by the NSPs established under VIDA), vessel owners and operators must meet 25 sets of state-specific requirements under the CWA's § 401 certification process. Because the CWA § 401 process allows tribes and states to impose their own requirements for vessels operating within their waters, vessels operating in multiple jurisdictions could face potentially conflicting conditions specific to each jurisdiction that they travel through.

National Invasive Species Act

In March 2012, the U.S. Coast Guard issued a final rule establishing standards for the allowable concentration of living organisms in ballast water discharged in U.S. waters and requiring the phase-in of Coast Guard approved BWM Systems. The rule went into effect in June 2012 and adopts ballast water discharge standards for vessels calling on U.S. ports and intending to discharge ballast water equivalent to those set in IMO's BWM Convention. The final rule requires that ballast water discharge have fewer than 10 living organisms per milliliter for organisms between 10 and 50 micrometers in size. For organisms larger than 50 micrometers, the discharge must have fewer than 10 living organisms per cubic meter of discharge. In May 2016, the U.S. Coast Guard published a review of the practicability of implementing a more stringent ballast water discharge standard. The results concluded that the technology to achieve a significant improvement in ballast water treatment efficacy cannot be practically implemented. If Coast Guard type approved technologies are not available by a vessel's compliance date, the vessel may request an extension to the deadline from the U.S. Coast Guard. While the 2012 rule imposes consistent numeric effluent limits for living organisms in ballast water discharges, it does not provide for compliance date extensions if Coast Guard-approved treatment technologies are not available.

In February 2016, the U.S. Coast Guard issued a rule amending the Coast Guard's ballast water management recordkeeping requirements to require vessels with ballast tanks operating exclusively on voyages between ports or places within a single Captain of the Port zone to submit an annual report of their ballast water management practices. Further, under the amended requirements, vessels may submit their reports after arrival at the port of destination instead of prior to arrival. As discussed above, under VIDA, existing U.S. Coast Guard ballast water management regulations will be phased out over a period of approximately four years and replaced with National Standards of Performance (NSPs) to be developed by EPA and implemented and enforced by the U.S. Coast Guard.

Clean Air Act

The U.S. Clean Air Act of 1970, as amended, or the "CAA," requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas and emission standards for so-called "Category 3" marine diesel engines operating in U.S. waters. The marine diesel engine emission standards are currently limited to new engines beginning with the 2004 model year. On April 30, 2010, the EPA promulgated final emission standards for Category 3 marine diesel engines equivalent to those adopted in the amendments to Annex VI to MARPOL. These emission standards require an 80% reduction in nitrogen dioxides for newly-built engines effective 2016. In February 2015, the EPA amended its marine diesel engine requirements to temporarily allow marine equipment manufacturers to use allowances if a compliant marine engine is not available. Compliance with these standards may cause us to incur costs to install control equipment on our vessels in the future.

European Union Regulations

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

The European Union has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2005/EC/33 (amending Directive 1999/32/EC) introduced parallel requirements in the European Union to those in MARPOL Annex VI in respect of the sulfur content of marine fuels. In addition, it introduced a 0.1% maximum sulfur requirement for fuel used by ships at berth in EU ports, effective January 1, 2010. The European Commission amended directive 2005/33/EU to bring it into alignment with the provisions of IMO 2020 on the sulfur content of marine fuels.

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

Regulation of Greenhouse Gas Emissions

Currently, the emissions of greenhouse gases from ships involved in international transport are not subject to the United Nations Framework Convention on Climate Change's Kyoto Protocol, or its successor, the Paris Agreement, which entered into force in 2005 and 2016, respectively, have been relied on by countries to produce national plans to reduce greenhouse gas emissions. However, since the entry into force of the Paris Agreement, the IMO has subsequently reaffirmed its strong commitment to continue to work to address greenhouse gas emissions from ships engaged in international trade. The IMO is evaluating various mandatory measures to reduce greenhouse gas emissions from international shipping, which may include market-based instruments or a carbon tax. In June 2013, the European Commission developed a strategy to integrate maritime emissions into the overall European Union strategy to reduce greenhouse gas emissions. In accordance with this strategy, in April 2015 the European Parliament and Council adopted regulations requiring large vessels using European Union ports to monitor, report and verify their carbon dioxide emissions beginning in January 2018.

As of January 1, 2013, all new ships must comply with mandatory requirements adopted by the MEPC of IMO in July 2011 in part to address greenhouse gas emission. These requirements add energy efficiency standards through an Energy Efficiency Design Index (EEDI). IMO's Greenhouse Gas Working Group agreed on these

guidelines to require all ships to develop and implement a Ship Energy Efficiency Plan (SEEMP). The regulations apply to all ships of 400 tonnes gross tonnage and above. The IMO also adopted a mandatory requirement in October 2016 that ships of 5000 gross tonnage and above record and report their fuel oil consumption. The requirement entered into force on March 1, 2018. These new rules will likely affect the operations of vessels that are registered in countries that are signatories to MARPOL Annex VI or vessels that call upon ports located within such countries. In November 2020, the MEPC adopted further amendments to MARPOL Annex VI intended to significantly strengthen the EEDI "phase 3" requirements. These amendments accelerate the entry into effect date of phase 3 from 2025 to 2022 for several ship types, including gas carriers, general cargo ships and LNG carriers and require new ships built from that date to be significantly more energy efficient. The MEPC also is looking into the possible introduction of a phase 4 of EEDI requirements. The IMO is also considering the development of a market-based mechanism for greenhouse gas emissions from ships. At the October 2016 Marine Environmental Protection Committee session, the IMO adopted a roadmap for developing a comprehensive IMO strategy on reduction of GHG emissions. In April 2018, the MEPC adopted an initial strategy designed to reduce the emission of greenhouse gases from vessels, including short-term, mid-term and long-term candidate measures with a vision of reducing and phasing out greenhouse gas emissions from vessels as soon as possible in the 21st Century and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008. According to the "Roadmap" approved by IMO Member States in 2016, the initial strategy is due to be revised by 2023. In November 2020, the MEPC agreed to draft amendments to MARPOL Annex VI establishing an enforceable regulatory framework to reduce GHG emissions from international shipping, consisting of technical and operational carbon reduction measures. These measures include use of an Energy Efficiency Existing Ship Index ("EEXI"), an operational Carbon Intensity Indicator ("CII") and an enhanced SEEMP to drive carbon intensity reductions. A vessel's attained EEXI would be calculated in accordance with values established based on type and size category, which compares the vessels' energy efficiency to a baseline. A vessel would then be required to meet a specific EEXI based on a required reduction factor expressed as a percentage relative to the EEDI baseline. Under the draft MARPOL VI amendments, vessels with a gross tonnage of 5,000 or greater must determine their required annual operational CII and their annual carbon intensity reduction factor needed to ensure continuous improvement of the vessel's CII. On an annual basis, the actual annual operational CII achieved would be documented and verified against the vessel's required annual operational CII to determine the vessel's operational carbon intensity rating on a performance level scale of A (major superior) to E (inferior). The performance level would be required to be recorded in the vessel's SEEMP. A vessel with an E rating, or three consecutive years of a D (minor inferior) rating, would be required to submit a corrective action plan showing how the vessel would achieve a C (moderate) rating. This regulatory approach is consistent with the IMO GHG Strategy target of a 40% carbon intensity reduction for international shipping by 2030, as compared to 2008. The draft MARPOL Annex VI amendments will be proposed for formal adoption at the 2021MEPC session and, if adopted, are expected to enter into force on January 1, 2023. The EU has indicated that it intends to implement regulation in an effort to limit emissions of greenhouse gases from vessels if such emissions are not regulated through the IMO. On September 15, 2020, the European Parliament approved draft legislation, which has not yet been finalized, that would include GHG emissions from large vessels in the EU emissions trading system as of January 1, 2022 and include methane emissions in monitoring, reporting and verification requirements applicable to vessels. The European Parliament has also called for binding carbon dioxide reduction targets for shipping companies, which would require reduction of annual average carbon dioxide emissions of all ships during operation by at least 40% by 2030 as compared to 2018 levels.

In the United States, the EPA issued a final finding that greenhouse gases threaten public health and safety and has promulgated regulations under the Clean Air Act that control the emission of greenhouse gases from mobile sources, but not from marine shipping vessels and their engines and fuels. The EPA may decide in the future to regulate greenhouse gas emissions from these sources. The Agency has already been petitioned by the California Attorney General to regulate greenhouse gas emissions from oceangoing vessels. Other federal and state regulations relating to the control of greenhouse gas emissions may follow, including climate change initiatives that have recently been considered by the U.S. Congress and by individual states.

Any passage of further climate control legislation or other regulatory initiatives by the IMO, the European Union, the United States, or other countries where we operate, or any treaty adopted at the international level, that restrict emissions of greenhouse gases could require us to make significant financial expenditures that we cannot predict with certainty at this time.

Safety Requirements

The IMO has adopted the International Convention for the Safety of Life at Sea, or "SOLAS Convention," and the International Convention on Load Lines, 1966, or "LL Convention," which impose a variety of standards to regulate design and operational features of ships. SOLAS Convention and LL Convention standards are revised periodically. All of our vessels are in compliance with SOLAS Convention and LL Convention standards.

Chapter IX of SOLAS, the requirements contained in the ISM Code, promulgated by the IMO, also affects our operations. The ISM Code requires the party with operational control of a vessel to develop and maintain an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies.

The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM Code. NMM has obtained documents of compliance and safety management certificates for all of our vessels for which certificates are required by the IMO.

The International Labour Organization, or "ILO," is a specialized agency of the United Nations with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006, or "MLC 2006," to improve safety on-board merchant vessels. A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. On August 20, 2012, the required number of countries ratified the MCL 2006 and it came into force on August 20, 2013. MLC 2006 requires us to develop new procedures to ensure full compliance with its requirements.

Vessel Security Regulations

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

Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status;
- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;

- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept on-board showing a vessel's history including, the name of the ship and of the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

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

Our vessels have Security Plans, appointed and trained Ship and Office Security Officers and each of our vessels in our fleet complies with the requirements of the ISPS Code, SOLAS and the MTSA.

Other Regulation

Our vessels may also become subject to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996 as amended by the Protocol to the HNS Convention, adopted in April 2010, or the "2010 HNS Protocol," and collectively, the "2010 HNS Convention," if it is entered into force. At least 12 states must ratify or accede to the 2010 HNS Protocol for it to enter into effect. In July 2019, South Africa became the fifth state to ratify the protocol. At least seven more states must ratify or accede to the protocol for it to enter into effect.

The Convention creates a regime of liability and compensation for damage from hazardous and noxious substances, or "HNS." The 2010 HNS Convention sets up a two-tier system of compensation composed of compulsory insurance taken out by shipowners and an HNS Fund which comes into play when the insurance is insufficient to satisfy a claim or does not cover the incident. Under the 2010 HNS Convention, if damage is caused by bulk HNS, claims for compensation will first be sought from the shipowner up to a maximum of 100 million Special Drawing Rights, or "SDR," which was equivalent to $138 million U.S. dollars as of January 31, 2016. SDRs are supplementary, foreign exchange reserve assets created and maintained by the International Monetary Fund, or "IMF," based upon a basket of currencies (consisting of the euro, Japanese yen, pound sterling and U.S. dollar). The SDR basket is reviewed every five years, or earlier if warranted, to ensure that the basket reflects the relative importance of currencies in the world's trading and financial systems. SDRs are not a currency, but instead represent a claim to currency held by IMF member countries for which SDRs may be exchanged. Monetary values and limits in many international maritime treaties are expressed in terms of SDRs. As of December 31, 2020, the exchange rate was 1 SDR equal to 1.44027 U.S. dollars. If the damage is caused by packaged HNS or by both bulk and packaged HNS, the maximum liability is 115 million SDR (equivalent to $166 million U.S. dollars as of December 31, 2020). Once the limit is reached, compensation will be paid from the HNS Fund up to a maximum of 250 million SDR (equivalent to $360 million U.S. dollars as of December 31, 2020). The 2010 HNS Convention has not been ratified by a sufficient number of countries to enter into force, and we cannot estimate the costs that may be needed to comply with any such requirements that may be adopted with any certainty at this time.

In-House Inspections

We, NMM and Thome carry out inspections of the ships under management on a regular basis; to verify conformity with managers' reports on upkeep and maintenance. The results of these inspections, which are conducted both in port and underway, result in a report containing action items and recommendations for

improvements to the overall condition of the vessel, maintenance, safety and crew welfare. The vessels we manage in house are inspected on a regular basis to verify their condition and that upkeep, maintenance, crewing standards and welfare are in compliance with the requirements of our Safety Management System. Opportunities to conduct physical inspections have been severely curtailed due to the COVID-19 pandemic. However, remote audits and inspections have been undertaken in lieu of physical inspections.

Corporate and Social Responsibility

We firmly believe that ensuring a safe working environment at sea and on shore is the first priority in a sustainable and efficient business, ensuring the safety of our employees, contractors and assets in everything we do. To achieve this, we do not tolerate any form of bribery, corruption or labour and human rights breaches. We have defined clear policies and expect employees, contractors, suppliers and customers to ensure compliance with the highest ethical standards.

At this time, particularly with the advent of COVID-19, the health and safety of our crew is paramount as we continue our vital role in the supply of liquefied gases worldwide while meeting the needs of our customers, suppliers and other partners. We have introduced significantly enhanced procedures onboard all our vessels, for agents and other shoreside personnel coming on board, as well as other lockdown procedures in the event a crew member to be suspected of contracting the virus. We have had no confirmed cases of COVID-19 on any of our vessels.

Competition

The process of obtaining new charters is highly competitive, generally involves an intensive screening process and competitive bids, and often extends for several months.

A significant proportion of our handysize liquefied gas carriers are contracted on 12 month or shorter time charters. There is competition for the employment of vessels when these charters expire and for the employment of those vessels which trade on the spot market. Competition for mid- or longer-term charters is based primarily on industry relationships, experience and reputation for customer service, reliability, quality operations and safety, the experience and technical capability of the crews, the vessel's efficiency, operational flexibility and physical life, and the competitiveness of the bid in terms of overall price.

Our existing fleet had an average age of 9.8 years as of December 31, 2020, which is significantly less than the average age of the world-wide fleet of handysize liquefied gas carriers. We believe that our relatively young fleet positions us well to compete in terms of our vessels meeting the strategic and operational needs of our charterers. We own and operate the largest fleet in the handysize segment, which, in our view, enhances our position relative to our competitors. While there are some barriers to entry for operating liquefied gas carriers, including the complexity of operating semi-refrigerated gas carriers that constantly require switching between a myriad of cargo types, crew expertise, and the availability of finance, new entrants have entered the market over the last number of years.

We believe that the market for obtaining new charters will continue to be highly competitive for the foreseeable future. However, we believe that our relationships, the reliability we strive to provide to our customers, the experience of the crews that service our vessels and the age and technical ability of our versatile fleet will provide us with a competitive advantage, both within the handysize segment and across the broader liquefied gas carrier industry.

Properties

Other than our vessels and our investment in the Marine Export Terminal, we do not own any material property. We lease office space for our representative offices in London, Gdynia and New York.

The lease term for our representative office in London commenced in January 2017 and is for a period of 10 years with a mutual break option in February 2022, which is the fifth anniversary from the lease commencement date. The gross rent per year for our office lease is approximately $1.2 million.

The lease term for our representative office in Gdynia, Poland is for a period of five years commencing from April 2017. The gross rent per year is approximately $60,000.

The lease term for our representative office in New York is for a period of five years from June 2017. The gross rent per year is approximately $365,000.

Employees

We had 80 employees as of December 31, 2020. We consider our employee relations to be good. Our crewing and technical managers provide crews for our vessels under separate crew management agreements.

Legal Proceedings

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

Exchange Controls

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

Taxation of the Company

Certain of our subsidiaries are subject to taxation in the jurisdictions in which they are organized, conduct business or own assets. We intend that our business and the business of our subsidiaries will be conducted and operated in a manner designed to minimize the tax imposed on us and our subsidiaries. However, we cannot assure this result as tax laws in these or other jurisdictions may change or we may enter into new business transactions relating to such jurisdictions, which could affect our tax liability. For example, diverted profits tax was introduced in the UK to counter arrangements where profits are diverted and fall outside of the charge to UK tax.

U.S. Taxation

The following is a discussion of the material U.S. federal income tax considerations applicable to us. This discussion is based upon provisions of the Code, final and temporary Treasury Regulations thereunder, and administrative rulings and court decisions, all as in effect as of the date hereof and all of which are subject to change or differing interpretation, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. The following discussion is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations applicable to us.

Status as a Corporation. We are treated as a corporation for U.S. federal income tax purposes. As such, we are subject to U.S. federal income tax on our income to the extent it is from U.S. sources or is effectively connected with the conduct of a trade or business in the United States as discussed below, unless such income is exempt from tax under Section 883 of the Code.

Taxation of Operating Income. Substantially all of our gross income for 2020 and a significant proportion of our future gross income is attributable to the transportation of LPGs and petrochemicals and related products. Gross income that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States, or "U.S. Source International Transportation Income," is considered to be 50.0% derived from sources within the United States and may be subject to U.S. federal income tax as described below. Gross income attributable to transportation that both begins and ends in the United States, or "U.S. Source Domestic Transportation Income," is considered to be 100.0% derived from sources within the United States and generally is subject to U.S. federal income tax on a net basis. Gross income attributable to transportation exclusively between non-U.S. destinations is considered to be 100.0% derived from sources outside the United States and generally is not subject to U.S. federal income tax. We are not permitted by law to engage in transportation that gives rise to U.S. Source Domestic Transportation Income. However, certain of our activities give rise to U.S. Source International Transportation Income, and we may in the future increase our operations in the United States, which would result in an increase in the amount of our U.S. Source International Transportation Income, all of which would be subject to U.S. federal income taxation unless the exemption from U.S. taxation under Section 883 of the Code, or the "Section 883 Exemption," applies.

The Section 883 Exemption. In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder, or the "Section 883 Regulations," it will not be subject to the net basis and branch profits taxes or the 4.0% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption applies only to U.S. Source International Transportation Income and does not apply to U.S. Source Domestic Transportation Income.

We will qualify for the Section 883 Exemption if, among other things, we meet the following three requirements:

- we are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States with respect to the types of U.S. Source International Transportation Income that we earn, or an "Equivalent Exemption";
- we satisfy the Publicly Traded Test (as described below); and
- we meet certain substantiation, reporting and other requirements (or the "Substantiation Requirement").

In order for a non-U.S. corporation to meet the Publicly Traded Test, its equity interests must be "primarily traded" and "regularly traded" on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption. The Section 883 Regulations provide, in pertinent part, that equity interests in a non-U.S. corporation will be considered to be "primarily traded" on an established securities market in a given country if, with respect to the class or classes of equity relied upon to meet the "regularly traded" requirement described below, the number of shares of each such class that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in such class that are traded during that year on established securities markets in any other single country.

Equity interests in a non-U.S. corporation will be considered to be "regularly traded" on an established securities market under the Section 883 Regulations if one or more classes of such equity interests that, in the aggregate, represent more than 50.0% of the combined vote and value of all outstanding equity interests in the non-U.S. corporation satisfy certain listing and trading volume requirements. These listing and trading volume requirements will be satisfied with respect to a class of equity interests if trades in such class are effected, other than in de minimis quantities, on an established securities market on at least 60 days during the taxable year and the aggregate number of shares in such class that are traded on an established securities market during the taxable year is at least 10.0% of the average number of shares outstanding in that class during the taxable year (with special rules for short taxable years). In addition, a class of equity interests will be considered to satisfy these listing and trading volume requirements if the equity interests in such class are traded during the taxable year on

an established securities market in the United States and are "regularly quoted by dealers making a market" in such class (within the meaning of the Section 883 Regulations).

Even if a class of equity satisfies the foregoing requirements, and thus generally would be treated as "regularly traded" on an established securities market, an exception may apply to cause the class to fail the regularly traded test if, for more than half of the number of days during the taxable year, one or more 5.0% shareholders (i.e., shareholders owning, actually or constructively, at least 5.0% of the vote and value of that class) own in the aggregate 50.0% or more of the vote and value of the class (which we refer to as the "Closely Held Block Exception"). For purposes of identifying its 5.0% shareholders, a corporation is entitled to rely on Schedule 13D and Schedule 13G filings made with the SEC. The Closely Held Block Exception does not apply, however, in the event the corporation can establish that a sufficient proportion of such 5.0% shareholders are Qualified Shareholders (as defined below) so as to preclude other persons who are 5.0% shareholders from owning 50.0% or more of the value of that class for more than half the days during the taxable year. Qualified Shareholders include:

- individual residents of jurisdictions that grant an Equivalent Exemption;
- non-U.S. corporations organized in jurisdictions that grant an Equivalent Exemption and that meet the Publicly Traded Test; and
- certain other qualified persons described in the Section 883 Regulations.

We are organized under the laws of the Republic of the Marshall Islands, which is a jurisdiction that the U.S. Treasury Department has recognized as granting an Equivalent Exemption with respect to the type of U.S. Source International Transportation Income we earn. Provided we satisfy the Substantiation Requirement, which we believe we will be able to satisfy, our U.S. Source International Transportation Income (including for this purpose, any such income earned by our subsidiaries) will be exempt from U.S. federal income taxation provided we meet the Publicly Traded Test.

Since 2014, we believe that we satisfied the requirements of Section 883 exemption and therefore we were not subject to U.S. federal income taxation on our U.S. Source International Transportation Income. For the current and future taxable years, we believe we will be able to satisfy the Publicly Traded Test, provided we satisfy the listing and trading volume requirements described previously and the Closely Held Block Exception does not apply for such year. Our common stock, which is our only class of equity outstanding, represents more than 50.0% of the total combined voting power and value of all classes of our equity interests entitled to vote. In addition, because our common stock is traded only on the NYSE, which is considered to be an established securities market, our equity interests are "primarily traded" on an established securities market for purposes of the Publicly Traded Test. Further, we anticipate that our common stock will meet the "regularly traded" requirement of the Publicly Traded Test.

According to Schedule 13D and Schedule 13G filings with the SEC, 5.0% shareholders currently own, in the aggregate, less than 50.0% of the total vote and value of our common stock. Provided that in each of the current and future taxable years, 5.0% shareholders own, in the aggregate, less than 50.0% of the total vote and value of our common stock for more than half the days of such taxable year, and we continue to satisfy the listing and trading volume requirements described previously, we believe that we will satisfy the Publicly Traded Test for such year. However, additional persons that are not Qualified Shareholders may become 5.0% shareholders at any time. If more than 50.0% of our common stock were held by 5.0% shareholders (other than Qualified Shareholders) for more than half of the days of the current or any future year, we would likely not qualify for an exemption under Section 883 for such taxable year, due to the Closely Held Block Exception. Because qualification for the Section 883 Exception depends upon factual matters that are subject to change and are outside of our control, there can be no assurance that we will be able to satisfy the Publicly Traded Test for the current or any future taxable year. Please see "—The Net Basis Tax and Branch Profits Tax" and "—The 4.0% Gross Basis Tax" below for a discussion of the consequences in the event we do not satisfy the Publicly Traded Test or otherwise fail to qualify for the Section 883 Exemption.

The Net Basis Tax and Branch Profits Tax. If we earn U.S. Source International Transportation Income, and, the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as effectively connected with the conduct of a trade or business in the United States, or "Effectively Connected Income," if (1) we have a fixed place of business in the United States involved in the earning of U.S. Source International Transportation Income and (2) substantially all of our U.S. Source International Transportation Income is attributable to regularly scheduled transportation or, in the case of vessel leasing income, is attributable to a fixed place of business in the United States. In addition, if we earn other types of income within the territorial seas of the United States, such income may be treated as Effectively Connected Income.

Based on our current and projected methods of operation, we do not believe that any of our U.S. Source International Transportation Income will be treated as Effectively Connected Income for any taxable year. However, there is no assurance that we will not earn substantial amounts of income from regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States (or earn income from other activities within the territorial seas of the United States) in the future, which would result in such income being treated as Effectively Connected Income.

Any income we earn that is treated as Effectively Connected Income, net of applicable deductions, would be subject to U.S. federal corporate income tax (generally at a rate of 21.0%). In addition, a 30.0% branch profits tax could be imposed on any income we earn that is treated as Effectively Connected Income, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid by us in connection with the conduct of our U.S. trade or business.

On the sale of a vessel that has produced Effectively Connected Income, we could be subject to the net basis U.S. federal corporate income tax as well as branch profits tax with respect to the gain recognized up to the amount of certain prior deductions for depreciation that reduced Effectively Connected Income. Otherwise, we would not be subject to U.S. federal income tax with respect to gain realized on the sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, the sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside the United States. It is expected that any sale of a vessel by us will be considered to occur outside the United States.

The 4.0% Gross Basis Tax. If the Section 883 Exemption does not apply and the net basis tax does not apply, we will be subject to a 4.0% U.S. federal income tax on the U.S. source portion of our gross U.S. Source International Transportation Income, without benefit of deductions. Under the sourcing rules described above under "—Taxation of Operating Income," 50.0% of our U.S. Source International Transportation Income would be treated as being derived from U.S. sources.

As noted above, the Marine Export Terminal on the U.S. Gulf Coast became operational in December 2019. We expect that a portion of our gross income for 2020 and future years will be derived from the operations of this terminal. Our U.S. subsidiary generally will be subject to U.S. federal income tax (generally at a rate of 21.0%) on its 50% share of any net income from the Marine Export Terminal.

Republic of the Marshall Islands Taxation

We believe that because we and our controlled affiliates do not, and do not expect to, conduct business or operations in the Republic of the Marshall Islands, neither we nor our controlled affiliates will be subject to income, capital gains, profits or other taxation under current Republic of the Marshall Islands law. As a result, distributions by our controlled affiliates to us will not be subject to Republic of the Marshall Islands taxation.

U.K. Taxation

A number of our subsidiaries are U.K. incorporated companies and are subject to U.K. corporation tax on all their profits wherever arising. If we and any of our controlled affiliates not incorporated in the United Kingdom

ensure that our central management and control is exercised outside of the United Kingdom, and we do not otherwise create a U.K. permanent establishment by carrying on business in the United Kingdom, we should not become subject to U.K. corporation tax. Where a company's central management and control is exercised is a question of fact to be decided in accordance with the particular circumstances of each company. However, diverted profits tax, which was introduced in the UK to counter arrangements where profits are diverted and fall outside of the charge to UK tax, could become a future risk. Any distributions paid to us by our U.K subsidiaries will not be subject to U.K. taxation.

Singapore Taxation

Falcon Funding PTE Ltd is a Singaporean service company and is subject to Singaporean tax on all its profits wherever arising.

Indonesia Taxation

PT Navigator Khatulistiwa "PTNK" is a joint venture of which 49% of the voting and dividend rights are owned by a subsidiary though ultimately controlled at the shareholder level by our subsidiary, and 51% of such rights are owned by Indonesian limited liability companies. PTNK is subject to Indonesian freight tax on all of its gross shipping transportation revenue at a rate of 1.2%.

Poland Taxation

NGT Services (Poland) Sp. Z O.O. is a Polish service company and is subject to Polish tax on all its profits wherever arising.

Maltese Taxation

OCY Aurora Ltd., the lessor VIE, is a Maltese special purpose company and is subject to Maltese tax on all its profits wherever arising. Please read Note 9—Variable Interest Entities to our consolidated financial statements.

C. Organizational Structure

See Note 8— Group Subsidiaries to our consolidated financial statements, which is incorporated by reference in this Item 4.C.

D. Property, Plant and Equipment

Other than our vessels and our investment in the Marine Export Terminal mentioned above, we do not have any material property.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

You should read the following discussion of our financial condition and results of operations in conjunction with our audited consolidated financial statements and related notes included elsewhere in this annual report. Among other things, those consolidated financial statements include more detailed information regarding the basis of

presentation for the following information. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or "U.S. GAAP," and are presented in U.S. Dollars unless otherwise indicated. Any amounts converted from another non-U.S. currency to U.S. Dollars in this annual report were converted at the rate applicable at the relevant date, or the average rate during the applicable period.

Overview

We are the owner and operator of the world's largest fleet of handysize liquefied gas carriers. We provide international and regional seaborne transportation services of petrochemical gases, LPG and ammonia for energy companies, industrial users and commodity traders. These gases are transported in liquefied form, by applying cooling and/or pressure, to reduce volume by up to 900 times depending on the cargo, making their transportation more efficient and economical.

Our fleet consists of 38 vessels; 33 of these are semi- or fully-refrigerated liquefied handysize gas carriers; four are midsize 37,300 cbm ethylene capable semi-refrigerated liquefied gas carriers and one is a 38,000 cbm fully refrigerated liquefied gas carrier. We define handysize as liquefied gas carriers between 15,000 and 24,999 cbm.

We employ our vessels through a combination of time charters, voyage charters and COAs. Of our 38 vessels, 20 are employed under time charters, one is under a COA and 17 are employed in the spot market. As of December 31, 2020, 19 vessels were employed under time charters (December 31, 2019: 25 vessels), five were employed under contracts of affreightment (December 31, 2019: two vessels) and 14 were employed in the spot market (December 31, 2019: 11 vessels). Our operated vessels earned an average time charter equivalent rate of approximately $656,174 per vessel per calendar month ($21,573 per day) during the year ended December 31, 2020, compared to approximately $633,584 per vessel per calendar month ($20,831 per day) for the year ended December 31, 2019.

Our largest customers by revenue for the year ended December 31, 2020 include five companies that time charter and voyage charter, either on a spot basis or under a COA, a total of 13 of our 38 operated vessels: Mitsubishi International Corporation, a leading trade, commodities, finance and investment company; Pertamina, the Indonesian state-owned producer of hydrocarbons; Braskem S.A. a leading Brazilian petrochemical gas producer, Sibur, a Russian gas processing and petrochemicals company and Marubeni Corporation, one of the largest general trading companies in Japan with business activities across wide-ranging fields including agriculture, chemicals, energy, infrastructure and construction. For the year ended December 31, 2020, these customers accounted for approximately 51.8% of our revenue in the aggregate.

We also own a 50% share in the Marine Export Terminal, an ethylene export marine terminal on the Houston Ship Channel, through a joint venture. It has the capacity to export at least one million tons of ethylene per year and provides the capability to load ethylene at rates of 1,000 tons per hour. The construction of the terminal was completed in December 2020 with the commissioning of a 30,000 ton cryogenic storage tank. The terminal has secured a number of take or pay offtake agreements, which have minimum terms of five years, that came into effect on or before January 1, 2021. These commitments provide for a minimum throughput of 938,000 tons of ethylene, or 94% of nameplate capacity, through the terminal annually.

COVID-19

The outbreak in early 2020 of the COVID-19 global pandemic has affected most countries in the world by restricting trade, causing closures of companies and ports and limiting the movement of people and goods. It continues to affect the free movement of people and cargoes with the imposition of quarantines and travel restrictions which affect global economic conditions that may impact our business, financial condition and the results of our operations. Although there are numerous national vaccine programs being developed and distributed to the world's population, the full effects of the vaccines and their ability to combat different

mutations or strains of the virus are not fully known and therefore the ultimate longevity of the COVID-19 pandemic is uncertain, therefore a full estimate of the likely impact cannot be made with certainty at this time.

Vessel Contracts

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

Time Charters. A time charter is a contract under which a vessel is chartered for a defined period of time at a fixed daily or monthly rate. Under time charters, we are responsible for providing crewing and other vessel operating services, the cost of which is intended to be covered by the fixed rate, while the customer is responsible for substantially all of the voyage expenses, including any bunker fuel consumption, port expenses and canal tolls. LPG is typically transported under a time charter arrangement, generally with a term of 12 months. However, eight of our 19 time charters at December 31, 2020 are for long-term charters exceeding 12 months. For the year ended December 31, 2020, approximately 55.6% of our revenue was generated pursuant to time charters, compared to approximately 55.9% for the year ended December 31, 2019 and 54.3% for the year ended December 31, 2018.

Voyage Charters. A voyage charter is a contract, typically for shorter intervals, for transportation of a specified cargo between two or more designated ports. This type of charter is priced on a current or "spot" market rate, typically on a price per ton of product carried rather than a daily or monthly rate. Under voyage charters, we are responsible for all of the voyage expenses in addition to providing the crewing and other vessel operating services. Petrochemical gases have typically been transported pursuant to voyage charters, as the seaborne transportation requirements of petrochemical product traders have historically resulted from a particular product arbitrage at a point in time. For the year ended December 31, 2020, approximately 32.9% of our revenue was generated pursuant to voyage charters, compared to approximately 29.1% for both the year ended December 31, 2019 and 2018.

Contracts of Affreightment. A COA is a contract to carry specified quantities of cargo, usually over prescribed shipping routes, at a fixed price per ton basis (often subject to fuel price or other adjustments) over a defined period of time. As such, a COA essentially consists of a number of voyage charters to carry a specified amount of cargo over a specified time period (i.e. the term of the COA), which can span for months to potentially years. Similar to a voyage charter, we are typically responsible for all voyage expenses in addition to providing all crewing and other vessel operating services when trading under a COA. For the year ended December 31, 2020, approximately 11.5% of our revenue was generated pursuant to COAs, compared to approximately 15.0% for the year ended December 31, 2019 and 16.6% for the year ended December 31, 2018.

Vessels operating on time charters and longer-term COAs provide more predictable cash flows but can potentially yield lower profit margins than vessels operating in the spot charter market during periods of favorable market conditions. Accordingly, as a result of a portion of our fleet being committed on time charters and COAs, we will be unable to take full advantage of improving charter rates to the same extent as we would if our liquefied gas carriers were employed only on spot charters. Conversely, vessels operating in the spot charter market generate revenue that is less predictable, but they may enable us to capture increased profit margins during periods of improving charter rates. However, operating in the spot charter market exposes us to the risks of declining liquefied gas carrier charter rates and relatively lower utilization rates as compared to time charters and certain COAs, which may have a materially adverse impact on our financial performance. Notwithstanding these risks, we believe that providing liquefied gas transportation services in the spot charter market is important to us, as it provides us with greater insight into market trends and opportunities.

We believe that the size and versatility of our fleet, which enables us to carry the broadest set of liquefied gases subject to seaborne transportation across a diverse range of conditions and geographies, together with our track record of operational excellence, positions us as the partner of choice for many companies requiring handysize

liquefied gas transportation and distribution solutions. In addition, we believe that the versatility of our fleet affords us with backhaul and triangulation opportunities not available to many of our competitors, thereby providing us with opportunities to increase utilization and profitability. We seek to enhance our returns through a flexible, customer-driven chartering strategy that combines a base of time charters and COAs with more opportunistic, higher-rate voyage charters.

Important Financial and Operational Terms and Concepts

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

Operating Revenues. Our operating revenues include revenue from time charters, voyage charters and COAs. Operating revenues are affected by charter rates and the number of days a vessel operates, as well as address commissions deducted by charterers. Rates for voyage charters are more volatile as they are typically tied to prevailing market rates at the time of the voyage. Historically, voyage charters have usually represented a smaller proportion of our annual operating revenue, but this is changing as we transport more petrochemicals, including ethylene, typically by voyage charters or COAs.

Operating Revenues—Luna Pool collaborative arrangements. Operating revenues – Luna Pool collaborative arrangements include revenue from time charters, voyage charters and COAs from the vessels in the pool and represent our share of pool net revenues generated by the other participant's vessels in the pool. Luna Pool earnings are aggregated and then allocated (after deducting pool overheads and managers fees) to the pool participants in accordance with the pooling agreement. The Luna Pool, which comprises nine of our ethylene vessels and five ethylene vessels from Pacific Gas Pte. Ltd., focuses on the transportation of ethylene and ethane to meet the growing demands of our customers.

Brokerage Commissions. Brokerage commissions are costs remitted to shipping brokers for arranging business between us and our customers for our vessels and are calculated as a percentage of chartering income.

Voyage Expenses. Voyage expenses are all expenses unique to a particular voyage, principally bunker fuel consumption, port expenses and canal tolls. Voyage expenses are typically paid by the shipowner under voyage charters and contracts of affreightment and by the charterer under time charters. Accordingly, we generally only incur voyage expenses when performing voyage charters and COAs or during repositioning voyages between time charters for which no cargo is available. The gross revenue received by the shipowner under voyage charters and COAs is higher than those received under comparable time charters so as to compensate the shipowner for bearing all voyage expenses. As a result, our operating revenues and voyage expenses may vary significantly depending on our mix of time charters, voyage charters and COAs.

Voyage Expenses—Luna Pool collaborative arrangements. Voyage expenses – Luna Pool collaborative arrangements represents the other participant's share of pool net revenues generated by our vessels in the pool.

Vessel Operating Expenses. Vessel operating expenses are expenses that are not unique to a specific voyage. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Our vessel operating expenses will increase as the age of our fleet increases. Other factors that are beyond our control may also cause these expenses to increase, including developments relating to market prices for insurance and crewing costs.

In connection with providing us with technical management for our fleet, NMM and Thome currently receive crewing and technical management fees of approximately $0.2 million per vessel per year in the aggregate, which fees are considered to be vessel operating expenses. The vessels which are under in-house technical management have the crewing function managed by one of our third-party technical managers for a fee. In-house technical management costs are included in general and administrative costs. Our technical and crew management agreements have terms through December 2021 and thereafter continue until terminated on at least

three months' notice by either party, subject to certain exceptions. As of December 31, 2020, we directly managed 17 of the vessels in our fleet.

Depreciation and Amortization. Depreciation and amortization expense consists of:

- charges related to the depreciation of the historical cost of our fleet (or the revalued amount), less the estimated residual value of our vessels, calculated on a straight-line basis over their useful life, which is estimated to be 30 years; and
- charges related to the amortization of capitalized drydocking expenditures relating to our fleet over the period between drydockings.

General and Administrative Costs. General and administrative costs principally consist of the costs incurred in operating our London representative office, which manages our chartering, operations, accounting and administrative functions and oversees the technical management of our other vessels; our Gdynia representative office, which manages our in-house technical management; our New York representative office; our advisors' services, including ongoing internal and external audit costs, taxation, legal and corporate services; and certain costs and expenses attributable to our board of directors. Please read "Item 4—Information on the Company—Business Overview—Commercial Management of the Fleet." We incur additional expenses as a result of being a publicly-traded corporation, including costs associated with maintaining internal controls, quarterly and annual reports to shareholders and SEC filings, investor relations and NYSE annual listing fees. We may also grant equity compensation that would result in an expense to us. Please read "Item 6—Directors, Senior Management and Employees—Compensation—Equity Compensation Plans—2013 Long-Term Incentive Plan."

Other income. Other income consists of management fees for commercial and administrative activities performed by us for the Luna Pool. Under the Luna Pool pooling agreement, we, as the Commercial Manager, are responsible, as agent, for the marketing and chartering of the participating vessels, collection of revenues and paying voyage costs such as port call expenses, bunkers and brokers' commissions in relation to charter contracts, but the vessel owners continue to be fully responsible for the financing, insurance, crewing and technical management of their respective vessels. The Commercial Manager receives a fee based on the net revenue of the Luna Pool, which is levied on the pool participants. However other income represents the fee for the other participant's vessels as the fee relating to our vessels is eliminated on consolidation.

Interest expense and interest income. Interest expense depends on our level of borrowings and may also change with prevailing interest rates, although our interest rate swaps or other derivative instruments may reduce the effect of these changes. Interest income will depend on prevailing interest rates and the level of our cash deposits and restricted cash deposits**.** Interest expense may also depend on our consolidated lessor VIE entity's overall level of borrowing, including costs associated with such borrowing. By virtue of the sale and leaseback transaction we have entered into with a lessor VIE, we are deemed to be the primary beneficiary and we are required to consolidate this VIE into our results. Accordingly, although consolidated into our results, we have no control over the funding arrangements negotiated by this lessor VIE entity including the interest rates to be applied. In consolidating the lessor VIE into our financial results, we must make assumptions regarding the debt amortization profile and the interest rate to be applied against the lessor VIE's debt principal. Furthermore, our estimation process is dependent upon the timeliness of receipt and accuracy of financial information provided by the lessor VIE entity. For additional detail refer to Note 9—Variable Interest Entities to our consolidated financial statements. As of December 31, 2020 and 2019, we consolidated one lessor VIE in connection with the lease financing transaction for one of our vessels. For descriptions of our current financing arrangements including those of our lessor VIE, please read " Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities"

Drydocking. We must periodically drydock each of our vessels for any major repairs and maintenance, for inspection of the underwater parts of the vessel, that cannot be performed while the vessels are operating and for any modifications to comply with industry certification or regulatory requirements. We are required to drydock a

vessel once every five years until it reaches 15 years of age, after which we are required to drydock the applicable vessel every two and a half to three years.

We capitalize costs associated with the drydockings as "built in overhauls" in accordance with U.S. GAAP and amortize these costs on a straight-line basis over the period between drydockings. Costs incurred during the drydocking period which relate to routine repairs and maintenance are expensed as incurred. The number of drydockings undertaken in a given period and the nature of the work performed determine the level of drydocking expenditures.

Ownership Days. We define ownership days as the aggregate number of days in a period that each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and the potential amount of revenue and expenses that we record during a period.

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

Operating Days. We define operating days as available days less the aggregate number of days that our operated vessels are not generating revenue, which includes idle days and off-hire days for any reason other than major scheduled maintenance. We use operating days to measure the aggregate number of days in a period that our operated vessels are servicing our customers.

Fleet Utilization. We define fleet utilization as the total number of operating days in a period divided by the total number of available days during that period.

Time Charter Equivalent Rate. TCE rate is not calculated in accordance with U.S. GAAP. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and contracts of affreightment) under which the vessels may be employed between the periods. Under a time charter, the charterer pays substantially all of the vessel voyage related expenses, whereas for voyage charters, also known as spot market charters, we pay all voyage expenses. For all charters, we calculate TCE by dividing operating revenues (excluding collaborative arrangements) for the charter, less any voyage expenses (excluding collaborative arrangements), by the number of operating days for the relevant time period of that charter. TCE rates exclude the effects of the collaborative arrangements, as operating days and fleet utilization, on which TCE rates are based, are calculated for our owned vessels, and not the average of all Pool vessels.

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

Results of Operations

Factors Affecting Comparability

You should consider the following factors when evaluating our historical financial performance and assessing our future prospects:

- ***Investment in Export Terminal Joint Venture***. In January 2018, we entered into the Export Terminal Joint Venture to build and operate the Marine Export Terminal, which began commercial operations with the export of commissioning cargoes in December 2019 and the terminal had 425,000 tons of ethylene throughput during 2020. The refrigerated storage for 30,000 tons of ethylene was completed in December 2020 which will enable the terminal to export at least one million tons of ethylene annually, supported by take or pay throughput agreements of five to seven years in duration with customers. The terminal provides the capability to load ethylene at rates of

1,000 tons per hour. The results from the Export Terminal Joint Venture are shown as "Share of results of equity accounted joint ventures" on our consolidated statements of operations.

- ***Luna Pool***. In March 2020, the Company collaborated with Pacific Gas Pte. Ltd. and Greater Bay Gas Co. Ltd. to form and manage the Luna Pool. The Luna Pool, which comprises nine of the Company's ethylene vessels and five ethylene vessels from Pacific Gas Pte. Ltd., focuses on the transportation of ethylene and ethane to meet the growing demands of our customers. The Luna Pool became operational during the second quarter of 2020. Pool earnings are aggregated and then allocated to the pool participants in accordance with an apportionment for each participant's vessels multiplied by the number of days each of their vessels are on hire in the pool during the relevant period and therefore the Company is exposed to risk and rewards dependent on the commercial success of the Luna Pool. We have presented our share of net income earned under the Luna Pool collaborative arrangement across a number of lines in our consolidated statements of operations. The Company's wholly owned subsidiary, NGT Services (UK) Limited, acts as Commercial Manager to the Luna Pool. The portion of the Commercial Manager's fee which is due from the other pool participant is presented as other income on our consolidated statements of operations.

- ***We will have different financing arrangements.*** Our current financing arrangements may not be representative of our historical arrangements or the arrangements we will enter into in the future. We may amend our existing credit facilities or enter into other financing arrangements.

  In September 2020, we entered into a new $210 million revolving credit facility to refinance one of our secured revolving credit facilities. The new revolving credit facility also provided for an additional approximately $30.0 million of borrowing capacity for general corporate purposes, of which $17 million remained undrawn as of December 31, 2020.

  In September 2020, we also issued new senior unsecured $100 million 2020 Bonds for the purpose of refinancing the then existing senior unsecured $100 million 2017 Bonds, which were scheduled to mature in February 2021. The 2017 Bonds were redeemed in full in September 2020. Please read "—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities," "2017 Senior Unsecured Bonds," "2018 Senior Secured Bonds" and "Terminal facility".

  In addition, in October 2019, we entered into a sale and leaseback to refinance one of our vessels, *Navigator Aurora*. By virtue of the sale and leaseback transaction we have entered into with a lessor VIE (Variable Interest Entity), where we are deemed to be the primary beneficiary of the VIE, we are required by U.S. GAAP to consolidate the VIE into our results. Although consolidated into our results, we have no control over the funding arrangements negotiated by the lessor VIE such as interest rates, maturity and repayment profiles. Please refer to Note 9—Variable Interest Entities to our consolidated financial statements.

- ***Our results are affected by fluctuations in the fair value of our derivative instruments.*** The change in fair value of our derivative instruments is included in our net income, which may fluctuate significantly as interest rates or currency exchange rates fluctuate. Please read Note 3—Derivative Instruments Accounted for at Fair Value and Note 20—Cash, Cash Equivalents and Restricted Cash to our consolidated financial statements.

- ***Changes in Accounting Standards.*** On January 1, 2020 we adopted the new accounting standard described below. Please read Note 2—Summary of Significant Accounting Policies to our consolidated financial statements attached hereto for more information regarding this standard and other recently adopted new accounting standards.

  - *Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326)* and subsequent amendments. We have adopted the new accounting standard using the modified retrospective method to incorporate the cumulative effect at the date of initial application for reporting periods presented beginning January 1, 2020. By using the

modified retrospective method approach, we have made an adjustment to the consolidated statements of shareholders' equity which represents the amount of provision for credit losses that would not have been recognized in retained earnings for the year ended December 31, 2019 under ASU 2016-13. Consequently, the comparable amounts for the year ended December 31, 2019 have not been adjusted and continue to be reported in accordance with previously applicable GAAP. The adoption of this standard and subsequent amendments did not have a material impact on our consolidated financial statements or related disclosures.

On January 1, 2019, we adopted the new accounting standard described below. Please read Note 2—Summary of Significant Accounting Policies to our consolidated financial statements attached hereto for more information regarding this standard and other recently adopted new accounting standards.

- *Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842)* and subsequent amendments. We have adopted the new accounting standard on leases using the "Comparatives Under Accounting Standards Codification 840" option on transition to incorporate the cumulative effect at the date of initial application for reporting periods presented beginning January 1, 2019. By using this transition method, we have made an adjustment to the consolidated statements of shareholders' equity which represents the amounts of expense that would not have been recognized in retained earnings for the year ended December 31, 2018 under the previously applicable standard, Topic 840. Consequently, the comparable amounts for the year ended December 31, 2018 have not been adjusted and continue to be reported in accordance with previously applicable GAAP.

Results of Operations for the Year Ended December 31, 2019 Compared to Year Ended December 31, 2020

The following table compares our operating results for the years ended December 31, 2019 and 2020:

	Year Ended December 31, 2019	Year Ended December 31, 2020	Percentage Change
	(in thousands, except percentages)		
Operating revenues	$301,385	$319,665	6.1%
Operating revenues—Luna Pool collaborative arrangements	—	12,830	—
Total operating revenues	$301,385	$332,495	10.3%
Operating expenses:			
Brokerage commissions	4,938	5,095	3.2%
Voyage expenses	55,310	63,372	14.6%
Voyage expenses—Luna Pool collaborative arrangements	—	12,418	—
Vessel operating expenses	111,475	109,503	(1.8%)
Depreciation and amortization	76,173	76,681	0.7%
General and administrative costs	20,878	23,871	14.3%
Other income	—	(199)	—
Total operating expenses	$268,774	$290,741	8.2%
Operating income	$ 32,611	$ 41,754	28.0%
Foreign currency exchange gain / (loss) on senior secured bonds	969	(1,931)	—
Unrealized (loss) / gain on non-designated derivative instruments	(615)	2,762	—
Interest expense	(48,611)	(41,080)	(15.5%)
Loss on repayment of 7.75% senior unsecured bonds	—	(479)	—
Write off of deferred financing costs	(403)	(155)	(61.5%)
Interest income	920	408	(55.7%)
(Loss)/Income before income taxes and share of result of equity accounted joint ventures	$ (15,129)	$ 1,279	—
Income taxes	(352)	(617)	75.3%
Share of result of equity accounted joint ventures	(1,126)	651	—
Net (loss)/income	$ (16,607)	$ 1,313	—
Net income attributable to non-controlling interest	(99)	(1,756)	1673.7%
Net loss attributable to stockholders of Navigator Holdings Ltd.	$ (16,706)	$ (443)	(97.3%)

Operating Revenues. Operating revenues net of address commissions, increased by $18.3 million or 6.1% to $319.7 million for the year ended December 31, 2020, from $301.4 million for the year ended December 31, 2019. This increase was primarily due to:

- an increase in operating revenues of approximately $8.8 million attributable to an increase in average monthly time charter equivalent rates, which increased to an average of approximately $656,193 per vessel per calendar month ($21,573 per day) for the year ended December 31, 2020, compared to an

average of approximately $633,584 per vessel per calendar month ($20,831 per day) for the year ended December 31, 2019;

- an increase in operating revenues of approximately $8.1 million primarily attributable to an increase in pass through voyage costs, as the number and duration of voyage charters during the year ended December 31, 2020 increased, compared to the year ended December 31, 2019;
- an increase in operating revenues of approximately $1.4 million attributable to an increase in vessel available days of 76 days or 0.6% for the year ended December 31, 2020, compared to the year ended December 31, 2019. As well as an additional 38 vessel available days being available during the year ended December 31, 2020 as a result of being a leap year, there were a total of 224 drydock days, including repositioning days, during the year ended December 31, 2020, compared to 262 days the year ended December 31, 2019.
- Fleet utilization was 86.8% for the year ended December 31, 2020, being principally the same as for the year ended December 31, 2019 but resulted in a minor increase of $0.01 million in operating revenues.

The following table presents selected operating data for the years ended December 31, 2019 and 2020, which we believe are useful in understanding the basis for movements in operating revenues:

Fleet Data:	Year Ended December 31, 2019	Year Ended December 31, 2020
Weighted average number of vessels	38.0	38.0
Ownership days	13,870	13,908
Available days	13,608	13,684
Operating days	11,813	11,880
Fleet utilization	86.8%	86.8%
Average daily time charter equivalent rate (*)	$20,831	$21,573

* **Non-GAAP Financial Measure -Time charter equivalent:** Time charter equivalent ("TCE") rate is a measure of the average daily revenue performance of a vessel. TCE is not calculated in accordance with U.S. GAAP. For all charters, we calculate TCE by dividing total operating revenues (excluding collaborative arrangements), less any voyage expenses (excluding collaborative arrangements), by the number of operating days for the relevant period. TCE rates exclude the effects of the collaborative arrangements, as operating days and fleet utilization, on which TCE rates are based, are calculated for our owned vessels, and not the average of all Pool vessels. Under a time charter, the charterer pays substantially all of the vessel voyage related expenses, whereas for voyage charters, also known as spot market charters, we pay all voyage expenses. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and contracts of affreightment) under which the vessels may be employed between the periods. We include average daily TCE rate, as we believe it provides additional meaningful information in conjunction with net operating revenues, because it assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance. Our calculation of TCE rate may not be comparable to that reported by other companies.

Reconciliation of Operating Revenues to TCE rate

The following table represents a reconciliation of operating revenues to TCE rate. Operating revenues are the most directly comparable financial measure calculated in accordance with U.S. GAAP for the periods presented.

Fleet Data:	Year Ended December 31, 2019	Year Ended December 31, 2020
Operating revenues (excluding collaborative arrangements)	$301,385	$319,665
Voyage expenses (excluding collaborative arrangements)	55,310	63,372
Operating revenues less Voyage expenses	$246,075	$256,293
Operating days	11,813	11,880
Average daily time charter equivalent rate	$ 20,831	$ 21,573

Operating Revenues—Luna Pool collaborative arrangements. Pool earnings are aggregated and then allocated (after deducting pool overheads and managers fees) to the pool participants in accordance with the pooling agreement. Operating revenues—Luna Pool collaborative arrangements was $12.8 million for the year ended December 31, 2020, which represents our share of pool net revenues generated by the other participant's vessels in the pool. The Luna Pool became operational during the second quarter of 2020 and consequently there was no Operating Revenues—Luna Pool collaborative arrangements for the year ended December 31, 2019.

Brokerage Commissions. Brokerage commissions, which typically vary between 1.25% and 2.5% of revenue, increased by 3.2% to $5.1 million for the year ended December 31, 2020, from $4.9 million for the year ended December 31, 2019. This was primarily due to an increase in operating revenues on which brokerage commissions are based.

Voyage Expenses. Voyage expenses increased by 14.6% to $63.4 million for year ended December 31, 2020, from $55.3 million for the year ended December 31, 2019. This was primarily due to the number of Panama and Suez Canal transits, which increased to 71 transits for the year ended December 31, 2020, from a total of 22 transits for the year ended December 31, 2019 as a result of different trades, but also the number of voyage charter days increased by 262 days for the year ended December 31, 2020 when compared to the year ended December 31, 2019. These voyage costs are pass through costs, corresponding to an increase in operating revenues of the same amount.

Voyage Expenses—Luna Pool collaborative arrangements. Voyage expenses—Luna Pool collaborative arrangements were $12.4 million for the year ended December 31, 2020, which represents the other participant's share of pool net revenues generated by our vessels in the pool. The net effect after deducting Voyage Expenses—Luna Pool collaborative arrangements from operating revenues—Luna Pool collaborative arrangements was that the other participant's vessels contributed $0.4 million to our vessels in the Luna Pool for the year ended December 31, 2020. The Luna Pool became operational during the second quarter of 2020 and consequently there were no Voyage Expenses—Luna Pool collaborative arrangements for the year ended December 31, 2019.

Vessel Operating Expenses. Vessel operating expenses decreased by 1.8% to $109.5 million for the year ended December 31, 2020, from $111.5 million for the year ended December 31, 2019. Average daily vessel operating expenses decreased by $164 per vessel per day, or 2.0%, to $7,873 per vessel per day for the year ended December 31, 2020, compared to $8,037 per vessel per day for the year ended December 31, 2019.

Depreciation and Amortization. Depreciation and amortization increased by $0.5 million or 0.7% to $76.7 million for the year ended December 31, 2020, from $76.2 million for the year ended December 31, 2019.

Depreciation and amortization included amortization of capitalized drydocking costs of $8.2 million and $7.9 million for the years ended December 31, 2020 and 2019 respectively.

General and Administrative Costs. General and administrative costs increased by $3.0 million or 14.3% to $23.9 million for the year ended December 31, 2020, from $20.9 million for the year ended December 31, 2019. The increase in general and administrative costs was primarily due to additional audit and internal control related costs of $1.2 million, additional terminal insurance costs of $1.0 million, a loss of $0.4 million on the revaluation of an Indonesian Rupiah bank account; and the write off of previously capitalized legal costs of $0.5 million relating to the Marine Export Terminal.

Other Income. Other income was $0.2 million for the year ended December 31, 2020 and consists of management fees for commercial and administrative activities performed by the Company for the Luna Pool. The Luna Pool became operational during the second quarter of 2020 and consequently there was no other income for the year ended December 31, 2019.

Non-operating Results

Foreign currency exchange gain/(loss) on senior secured bonds. Exchange gains and losses relate to non-cash movements on our 2018 Bonds which are denominated in Norwegian Kroner and translated to U.S. Dollar at the prevailing exchange rate as of December 31, 2020. The foreign currency loss on remeasurement was $1.9 million for the year ended December 31, 2020, as the Norwegian Kroner strengthened against the U.S. Dollar, compared to a $1.0 million gain for the year ended December 31, 2019.

Unrealized (loss)/gain on non-designated derivative instruments. The unrealized gain of $2.8 million on non-designated derivative instruments relates to the fair value movement in our cross-currency interest rate swap and interest rate swaps. The movement is primarily due to the strengthening of the Norwegian Kroner against the U.S. Dollar, resulting in a gain of $2.9 million on our cross-currency interest rate swap, offset by a loss of $0.1 million on the fair values of our interest rate swaps for the year ended December 31, 2020. The unrealized loss on our cross-currency interest rate swap for the year ended December 31, 2019 was $0.6 million.

Interest Expense. Interest expense decreased by $7.5 million, or 15.5%, to $41.1 million for the year ended December 31, 2020, from $48.6 million for the year ended December 31, 2019. The decrease was primarily due to a reduction in U.S. LIBOR, offset by a reduction in the amount of capitalized interest. Interest expense is shown net of interest capitalized. Interest capitalized for the year ended December 31, 2020 was $0.8 million compared to $4.5 million for the year ended December 31, 2019, both of which related to interest on capital contributions to the Export Terminal Joint Venture.

Loss on repayment of 7.75% Senior Unsecured Bonds. In connection with the redemption of the 2017 Bonds, pursuant to which we redeemed all of the outstanding principal amount in September 2020, there was $0.2 million in redemption premium charges and a write off of the remaining unamortized deferred financing costs of $0.3 million relating to the redemption of the 2017 Bonds for the year ended December 31, 2020.

Write off of Deferred Financing Costs. The write off of deferred financing costs of $0.2 million for the year ended December 31, 2020 related to the portion of the remaining unamortized deferred financing costs of the $290.0 million secured revolving line of credit facility for the bank that left the syndicate at the refinancing date which occurred during the year and prior to the maturity date of the facility. The write off of deferred financing costs of $0.4 million for the year ended December 31, 2019 related to certain third party legal costs of $0.1 million when we partially refinanced our January 2015 secured term loan facility and $0.3 million upon the refinancing of *Navigator Aurora* into a sale and leaseback transaction with OCY Aurora Ltd. This vessel had until the refinancing been part of our December 2015 secured revolving credit facility.

Income Taxes. Income tax relates to taxes on our subsidiaries incorporated in the United Kingdom, Poland and Singapore and our consolidated VIE, incorporated in Malta. Two of our United Kingdom subsidiaries earn

management and other fees from affiliates, and our Singaporean subsidiary earns interest from loans to our variable interest entity in Indonesia. The main corporate tax rates are 19%, 19%, 17% and 35% in the United Kingdom, Poland and Singapore and Malta, respectively. For the year ended December 31, 2020, we incurred taxes of $617,000 compared to taxes for the year ended December 31, 2019 of $352,000.

Share of result of equity accounted joint ventures. The share of result of the Company's 50% ownership in the Export Terminal Joint Venture was income of $0.7 million for the year ended December 31, 2020, primarily as a result of volumes being exported through the Marine Export Terminal following the commencement of the throughput agreements during the second quarter of 2020, compared to a loss of $1.1 million for the year ended December 31, 2019, principally relating to commissioning costs.

Non-Controlling Interest. We have entered into a sale and leaseback arrangement in November 2019 with a wholly-owned special purpose vehicle ("lessor SPV") of a financial institution. While we do not hold any equity investments in this lessor SPV, we have determined that we are the primary beneficiary of this entity and accordingly, we are required to consolidate this variable interest entity ("VIE") into our financial results. Thus, the income attributable to the financial institution of $1.8 million for the year ended December 31, 2020 and $0.1 million for the year ended December 31, 2019 is presented as the non-controlling interest in our financial results. For additional details, see Note 9—Variable Interest Entities to our consolidated financial statements.

Results of Operations for the Year Ended December 31, 2018 Compared to Year Ended December 31, 2019

The following table compares our operating results for the years ended December 31, 2018 and 2019:

	Year Ended December 31, 2018	Year Ended December 31, 2019	Percentage Change
	(in thousands, except percentages)		
Operating revenues	$310,046	$301,385	(2.8%)
Operating expenses:			
Brokerage Commissions	5,142	4,938	(4.0%)
Voyage expenses	61,634	55,310	(10.3%)
Vessel operating expenses	106,719	111,475	4.5%
Depreciation and amortization	76,140	76,173	0.0%
General and administrative costs	18,931	20,878	10.3%
Total operating expenses	$268,566	$268,774	0.1%
Operating income	$ 41,480	$ 32,611	(21.4%)
Foreign currency exchange gain on senior secured bonds	2,360	969	(58.9%)
Unrealized loss on non-designated derivative instruments	(5,154)	(615)	(88.1%)
Interest expense\	(44,908)	(48,611)	8.2%
Write off of deferred financing costs	—	(403)	—
Interest income	854	920	7.7%
Loss before income taxes and share of result of equity accounted joint ventures	$ (5,368)	$ (15,129)	181.8%
Income taxes	(333)	(352)	5.7%
Share of result of equity accounted joint ventures	(38)	(1,126)	2863.2%
Net loss	$ (5,739)	$ (16,607)	189.4%
Net income attributable to non-controlling interest	—	(99)	—
Net loss attributable to stockholders of Navigator Holdings Ltd.	$ (5,739)	$ (16,706)	191.1%

Operating Revenues. Operating revenues net of address commissions, decreased by $8.7 million or 2.8% to $301.4 million for the year ended December 31, 2019, from $310.0 million for the year ended December 31, 2018. This decrease was primarily due to:

- a decrease in operating revenues of approximately $6.1 million attributable to a decrease in fleet utilization from 89.0% for the year ended December 31, 2018 to 86.8% for the year ended December 31, 2019, primarily due to the weak LPG and petrochemical markets;
- a decrease in operating revenues of approximately $6.3 million primarily attributable to a decrease in pass through voyage costs, as the number and duration of voyage charters during the year ended December 31, 2019 decreased, compared to the year ended December 31, 2018;
- a decrease in operating revenues of approximately $2.9 million attributable to a decrease in vessel available days of 159 days or 1.2% for the year ended December 31, 2019 due to an increase in the number and duration of vessel drydocks when the vessels are unavailable for charter, compared to the year ended December 31, 2018; and

- an increase in operating revenues of approximately $6.6 million attributable to an increase in average monthly time charter equivalent rates, which increased to an average of approximately $633,584 per vessel per calendar month ($20,831 per day) for the year ended December 31, 2019, compared to an average of approximately $616,965 per vessel per calendar month ($20,284 per day) for the year ended December 31, 2018.

The following table presents selected operating data for the years ended December 31, 2018 and 2019, which we believe are useful in understanding the basis for movements in operating revenues:

Fleet Data:	Year Ended December 31, 2018	Year Ended December 31, 2019
Weighted average number of vessels	38.0	38.0
Ownership days	13,870	13,870
Available days	13,767	13,608
Operating days	12,247	11,813
Fleet utilization	89.0%	86.8%
Average daily time charter equivalent rate (*)	$20,284	$20,831

* **Non-GAAP Financial Measure -Time charter equivalent:** Time charter equivalent ("TCE"), rate is a measure of the average daily revenue performance of a vessel. TCE is not calculated in accordance with U.S. GAAP. For all charters, we calculate TCE by dividing total operating revenues (excluding collaborative arrangements), less any voyage expenses (excluding collaborative arrangements), by the number of operating days for the relevant period. Under a time charter, the charterer pays substantially all of the vessel voyage related expenses, whereas for voyage charters, also known as spot market charters, we pay all voyage expenses. TCE rate is a shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and contracts of affreightment) under which the vessels may be employed between the periods. We include average daily TCE rate, as we believe it provides additional meaningful information in conjunction with net operating revenues, because it assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance. Our calculation of TCE rate may not be comparable to that reported by other companies.

Reconciliation of Operating Revenues to TCE rate

The following table represents a reconciliation of operating revenues to TCE rate. Operating revenue is the most directly comparable financial measure calculated in accordance with U.S. GAAP for the periods presented.

Fleet Data:	Year Ended December 31, 2018	Year Ended December 31, 2019
Operating revenues	310,046	301,385
Voyage expenses	61,634	55,310
Operating revenues less Voyage expenses	248,412	246,075
Operating days	12,247	11,813
Average daily time charter equivalent rate	$ 20,284	$ 20,831

Brokerage Commissions. Brokerage commissions, which typically vary between 1.25% and 2.0% of revenue, decreased by 4.0% to $4.9 million for the year ended December 31, 2019, from $5.1 million for the year ended December 31, 2018. This was primarily due to a decrease in operating revenues on which brokerage commissions are based and a change in the mix of charters between time and voyage charters. Generally, time charters command a lower brokerage commission percentage than voyage charters.

Voyage Expenses. Voyage expenses decreased by 10.3% to $55.3 million for year ended December 31, 2019, from $61.6 million for the year ended December 31, 2018. This was primarily due to a decrease in the number and duration of voyage charters undertaken during the year ended December 31, 2019, compared to the year ended December 31, 2018, with these decreased voyage costs being pass through costs, corresponding to a decrease in operating revenues of the same amount.

Vessel Operating Expenses. Vessel operating expenses increased by 4.5% to $111.5 million for the year ended December 31, 2019, from $106.7 million for the year ended December 31, 2018. Average daily vessel operating expenses increased by $343 per vessel per day, or 4.5%, to $8,037 per vessel per day for the year ended December 31, 2019, compared to $7,694 per vessel per day for the year ended December 31, 2018.

Depreciation and Amortization. Depreciation and amortization expense increased by 0.04% to $76.2 million for the year ended December 31, 2019, from $76.1 million for the year ended December 31, 2018. Depreciation and amortization expense included amortization of capitalized drydocking costs of $7.9 million for the years ended December 31, 2019 and 2018.

General and Administrative Costs. General and administrative costs increased by $1.9 million or 10.3% to $20.9 million for the year ended December 31, 2019, from $18.9 million for the year ended December 31, 2018. The increase in general and administrative costs was primarily due to an increase in the number of employees during the year ended December 31, 2019, compared to the year ended December 31, 2018, to enable us to provide in-house technical management for an increasing number of our vessels; professional fees in relation to the recruitment of senior executives; and a provision for doubtful debts against outstanding revenue from our time charters with PDVSA.

Non-operating Results

Foreign currency exchange gain on senior secured bonds. Exchange gains and losses relate to non-cash movements on our 2018 Bonds which are denominated in Norwegian Kroner and translated to U.S. Dollar at the prevailing exchange rate as of December 31, 2019. The foreign currency exchange gain on translation decreased by 58.9% to $1.0 million for the year ended December 31, 2019, from $2.4 million for the year ended December 31, 2018, as the Norwegian Kroner continued to weaken, but at a reduced level.

Unrealized loss on non-designated derivative instruments. The unrealized loss on non-designated derivative instruments of $0.6 million relates to the fair value movement in our cross-currency interest rate swap for the year ended December 31, 2019. The unrealized loss on this swap for the period from inception on November 2, 2018 to December 31, 2018 was $5.2 million.

Interest Expense. Interest expense increased by $3.7 million, or 8.2%, to $48.6 million for the year ended December 31, 2019, from $44.9 million for the year ended December 31, 2018. The increase was primarily due to interest on our 2018 Bonds for the full 12 months for the year ended December 31, 2019, compared to two months expense for the year ended December 31, 2018, offset by a decrease in interest costs as a result of reductions in U.S. LIBOR. Interest expense is shown net of interest capitalized. Interest capitalized in the year ended December 31, 2019 of $4.5 million compared to $1.0 million for the year ended December 31, 2018, relates to interest on capital contributions to the Export Terminal Joint Venture.

Write off of Deferred Financing Costs. The write off of deferred financing costs of $0.4 million for the year ended December 31, 2019 related to certain third party legal costs for $0.1 million when we partially refinanced our January 2015 secured term loan facility and $0.3 million upon the refinancing of *Navigator Aurora* into a sale and leaseback transaction with OCY Aurora Ltd. This vessel had until the refinancing been part of our December 2015 secured revolving credit facility.

Income Taxes. Income tax relates to taxes on our subsidiaries incorporated in the United Kingdom, Poland and Singapore and our consolidated VIE, incorporated in Malta. Two of our United Kingdom subsidiaries earn

management and other fees from affiliates, and our Singaporean subsidiary earns interest from loans to our variable interest entity in Indonesia. The main corporate tax rates are 19%, 19%, 17% and 35% in the United Kingdom, Poland and Singapore and Malta, respectively. For the year ended December 31, 2019, we incurred taxes of $351,518 compared to taxes for the year ended December 31, 2018 of $332,890.

Share of result of equity accounted joint ventures. The share of result of the Company's 50% ownership in the Export Terminal Joint Venture was a loss of $1.1 million for the year ended December 31, 2019, principally relating to commissioning costs, compared to a loss of $0.04 million for the year ended December 31, 2018.

Non-Controlling Interest. We have entered into a sale and leaseback arrangement in November 2019 with a wholly-owned special purpose vehicle ("lessor SPV") of a financial institution. While we do not hold any equity investments in this lessor SPV, we have determined that we are the primary beneficiary of this entity and accordingly, we are required to consolidate this variable interest entity ("VIE") into our financial results. Thus, the income attributable to the financial institution of $0.1 million for the year ended December 31, 2019 is presented as the non-controlling interest in our financial results. For additional details, see Note 9—Variable Interest Entities to our consolidated financial statements.

B. Liquidity and Capital Resources

Liquidity and Cash Needs

Our primary sources of funds are cash and cash equivalents, cash from operations, undrawn bank borrowings and proceeds from bond issuances. As of December 31, 2020, we had cash and cash equivalents of $59.3 million along with $18.0 million available under the March 2019 Terminal Facility. The remaining $18.0 million was drawn down in full in January 2021, of which $4.0 million was a final capital contribution to the Export Terminal Joint Venture and the remaining $14.0 million for general corporate purposes. In addition, we had $37.6 million available to be drawn down on two of our secured revolving credit facilities and a $7.5 million unused letter of credit available to be drawn on the Terminal Facility to be used solely to make capital repayments on that facility.

Our secured term loan facilities and revolving credit facilities require that the borrowers have liquidity (including undrawn available lines of credit with a maturity exceeding 12 months) of no less than (i) $25.0 million or $35.0 million, or (ii) 5% of Net Debt or total debt as applicable, whichever is greater, which was $42.8 million, as of December 31, 2020. Please see "—Secured Term Loan Facilities and Revolving Credit Facilities", "—2017 Senior Unsecured Bonds", "—2018 Senior Secured Bonds" and "2020 Senior Unsecured Bonds" below.

Amounts included in restricted cash represent those required to be set aside as collateral by a contractual agreement with a banking institution for the forecast future liability on the cross-currency interest rate swap agreement at the reporting date. Please read Note 3—Derivative Instruments Accounted for at Fair Value and Note 20—Cash, Cash Equivalents and Restricted Cash to our consolidated financial statements. If the Norwegian Kroner depreciates relative to the U.S. Dollar beyond a certain threshold, we are required to place cash collateral with our swap providers. In the event the depreciation of the Norwegian Kroner relative to the U.S. Dollar is significant, the cash collateral requirements could adversely affect our liquidity and financial position. As of December 31, 2020, we had no collateral amount held with the swap provider (December 31, 2019, $1.3 million).

Included within cash, cash equivalents and restricted cash as of December 31, 2020 is an amount of $0.2 million relating to the cash belonging to the lessor VIE that is unavailable to the Company, but we are required to consolidate under U.S. GAAP (December 31, 2019, $0.8 million). Please read Note 9—Variable Interest Entities to our consolidated financial statements.

Our primary uses of funds are capital contributions for the investment in the Export Terminal Joint Venture, drydocking expenditures, voyage expenses, vessel operating expenses, general and administrative costs,

expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, financing expenses and repayment of bonds and bank loans. In addition to operating expenses, our medium-term and long-term liquidity needs relate to debt repayments, potential future newbuildings or acquisitions and the further development of the Marine Export Terminal in our Export Terminal Joint Venture.

As of December 31, 2020, we had made capital contributions to the Export Terminal Joint Venture of $142.5 million of our expected $146.5 million share of the capital cost for the construction of the Marine Export Terminal. On January 21, 2021, the Company made a capital contribution of $4.0 million by drawing down on the Terminal Facility, being the final contribution for our expected full share of the capital cost for the construction of the Marine Export Terminal.

We believe, given our current cash holdings, that if market conditions remain relatively stable throughout 2021, our financial resources, including the cash expected to be generated within the year, will be sufficient to meet our liquidity and working capital needs for the next twelve months, taking into account our existing capital commitments and debt service requirements. If market conditions worsen significantly due to the current pandemic of COVID-19 then our cash resources may decline to a level that may put at risk our ability to service timely our debt and capital expenditure commitments. To avoid such an eventuality, management would expect to be able to raise extra capital through the available undrawn sources described above.

Capital Expenditures

Liquefied gas transportation is a capital-intensive business, requiring significant investment to maintain an efficient fleet and to stay in regulatory compliance.

We currently have no newbuildings on order. However, we may place newbuilding orders or acquire additional vessels as part of our growth strategy, or may invest further in terminal infrastructures, such as import or export terminals.

Cash Flows

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

	Year Ended December 31,		
	2018	2019	2020
		(in thousands)	
Net cash provided by operating activities	$ 77,517	$ 49,700	$ 44,673
Net cash used in investing activities	(42,327)	(90,409)	(16,151)
Net cash provided by / (used in) financing activities	(25,784)	35,324	(35,381)
Net increase / (decrease) in cash, cash equivalents and restricted cash	9,406	(5,385)	(6,859)

Operating Cash Flows. Net cash provided by operating activities for the year ended December 31, 2020, decreased to $44.7 million, from $49.7 million for the year ended December 31, 2019, a decrease of 10.1%. This decrease was primarily due to changes in working capital movements of $27.3 million; offset by an increase in net income of $17.9 million to $1.3 million for the year ended December 31, 2020 from a net loss of $16.6 million for the year ended December 31, 2019. In addition, insurance receivables reduced by $4.1 million during the year ended December 31, 2020 compared to the year ended December 31, 2019.

Net cash provided by operating activities for the year ended December 31, 2019, decreased to $49.7 million, from $77.5 million for the year ended December 31, 2018, a decrease of 35.9%. This decrease was due to lower net income of $11.0 million, primarily as a result of increases in both vessels operating expenses and interest

expense; changes in working capital movements of $7.7 million and an increase in payments for drydocking costs of $5.7 million.

Net cash flow from operating activities depends upon charter rates attainable, fleet utilization, fluctuations in working capital balances, repairs and maintenance activity, amount and duration of drydocks and changes in interest rates and foreign currency rates.

We are required to drydock each vessel once every five years until it reaches 15 years of age, after which we drydock vessels every two and a half to three years. Drydocking each vessel takes approximately 30 days in total. Drydocking days generally include approximately 5-10 days of voyage time to and from the drydocking shipyard and approximately 15-20 days of actual drydocking time. Nine of our vessels undertook scheduled drydockings during 2020, two fewer vessels than planned as a result of delays associated with COVID-19. Nine vessels also undertook scheduled drydockings in 2019 and six during 2018.

We spend significant amounts of funds on scheduled drydocking (including the cost of classification society surveys) of each of our vessels. As our vessels age and our fleet expands, our drydocking expenses will increase. We estimate the current cost of the five-year drydocking of one of our vessels is approximately $1.0 million, the ten-year drydocking cost is approximately $1.3 million, and the 15 and 17 year drydocking costs are approximately $1.5 million each. Ongoing costs for compliance with environmental regulations are primarily included as part of our drydocking, such as the requirement to install ballast water treatment plants, and classification society survey costs, with a balance included as a component of our operating expenses. Please see "Item 3—Key Information—Risk Factors—Risks Related to Our Business—Over the long-term, we will be required to make substantial capital expenditures to preserve the operating capacity of, and to grow, our fleet."

Investing Cash Flows. Net cash used in investing activities of $16.2 million for the year ended December 31, 2020, primarily represents $17.4 million in capital contributions made to our Export Terminal Joint Venture and $2.2 million invested in ballast water treatment systems which are being retrofitted on our vessels during drydock to comply with the requirements of the Ballast Water Management Convention, offset by insurance recoveries on existing damage claims of $3.4 million.

Net cash used in investing activities of $90.4 million for the year ended December 31, 2019, primarily represents $84.5 million in capital contributions made to our Export Terminal Joint Venture together with capitalized interest for the investment of $4.8 million and $2.9 million invested in ballast water treatment systems, offset by insurance recoveries on existing damage claims of $2.2 million.

Net cash used in investing activities of $42.3 million for the year ended December 31, 2018, primarily represents $41.0 million in capital contributions made to our Export Terminal Joint Venture together with associated issuance costs for the investment of $1.5 million, offset by insurance recoveries on existing damage claims of $1.0 million.

Financing Cash Flows. Net cash used in financing activities of $35.4 million for the year ended December 31, 2020 principally relates to regular quarterly repayments on our secured term loan facilities of $59.9 million as well as the repayment of the December 2015 revolving credit facility for $180.2 million upon refinancing; a repayment of $20.0 million on the revolving portion of the October 2016 Secured Term Loan and Revolving Credit Facility and the redemption and premium costs of our 2017 Bonds of $100.2 million. There was also an extemporaneous repayment of $6.8 million on the Navigator Aurora Facility held within our consolidated lessor VIE. We drew down $185.0 million on the new September 2020 Secured Revolving Credit Facility, less $1.9 million of issuance costs; $51.0 million from the Terminal Facility to finance the capital contributions to our Expert Terminal Joint Venture and received $100.0 million from the issuance of new senior unsecured bonds, less issuance costs of $2.0 million.

Net cash provided by financing activities of $35.3 million for the year ended December 31, 2019, relates to the net proceeds of $69.8 million from the refinancing of *Navigator Aurora* (from which $44.5 million was used

to repay the vessel's secured tranche of the December 2015 secured revolving credit facility); a drawdown of $107.0 million on the March 2019 Secured term loan facility (from which $75.6 million was used to partially repay the January 2015 secured term loan of $75.6 million); $55.0 million drawn from the October 2016 revolving credit facility offset by $69.2 million relating to regular quarterly loan repayments and $6.5 million issuance costs for a combination of the 2017 Bond amendment, refinancing of *Navigator Aurora*, March 2019 Secured Term Loan, Terminal Facility and 2018 Bonds.

Net cash used in financing activities of $25.8 million for the year ended December 31, 2018, primarily represents $83.4 million in regular quarterly loan repayments and a net repayment of $13.1 million against our secured term revolving credit facility, partially offset by the net proceeds of issuance of senior secured bonds for $70.7 million.

Terminal Facility

General. On March 29, 2019, Navigator Ethylene Terminals LLC ("Marine Terminal Borrower"), our wholly-owned subsidiary, entered into a Credit Agreement (the "Terminal Facility") with ING Capital LLC and SG Americas Securities, LLC for a maximum principal amount of $75.0 million, to be used for the payment of capital contributions to our Export Terminal Joint Venture for construction costs relating to our Marine Export Terminal.

Term and Facility Limits; Conditions to Initial Borrowing. The Terminal Facility is comprised of an initial construction loan, followed by a term loan with a final maturity occurring on the earlier of (i) five years from completion of the Marine Export Terminal and (ii) December 31, 2025. As of December 31, 2020, based on the committed throughput agreements for the Marine Export Terminal, a total of $69.0 million was available under the Terminal Facility of which $51.0 million was drawn as that date. The remaining $18.0 million was drawn down in full in January 2021, of which $4.0 million was a final capital contribution to the Export Terminal Joint Venture and the remaining $14.0 million for general corporate purposes.

On July 2, 2020, we entered into floating-to-fixed interest rate swap agreements with ING Capital Markets LLC ("ING") and Societe Generale ("SocGen"), with a termination date of December 31, 2025, to run concurrently with the Terminal Facility. Under these agreements, the notional amounts of the swaps are 80% of the amounts drawn under the Terminal Facility. The interest rate receivable by the Company under these interest rate swap agreements is 3-month LIBOR, calculated on a 360-day year basis, which resets every three months in line with the dates of interest payments on the Terminal Facility. The interest rate payable by the Company under these interest rate swap agreements is 0.369% and 0.3615% per annum to ING and SocGen respectively, calculated on a 360-day year basis. Please read Note 3—Derivative Instruments Accounted for at Fair Value to our consolidated financial statements.

The table below summarizes the Terminal Facility as of December 31, 2020:

Facility agreement date	Original facility amount	Principal amount outstanding	Undrawn amount at December 31, 2020	Interest rate	Loan maturity date
		(in millions)			
March 2019	$75.0	$51.0	$18.0	US LIBOR + 250 to 300 BPS	December 2025

Fees and Interest. The loans are subject to quarterly repayments of principal and interest beginning on March 31, 2021. Interest on amounts drawn on the initial construction loan were payable at a rate of U.S. LIBOR plus 250 basis points per annum. On conversion of the construction loan to a term loan upon practical completion of the Marine Export Terminal, which occurred on January 25, 2021, the loan became fully drawn at $69.0 million and interest is payable at a rate of U.S. LIBOR plus 275 to 300 basis points over the remaining term of the facility, for interest periods of three or six months.

Prepayments/Repayments. The Marine Terminal Borrower may voluntarily prepay indebtedness at any time, without premium or penalty, in whole or in part upon prior written notice to the facility agent.

The Marine Terminal Borrower must make mandatory prepayments of indebtedness upon specified amounts of excess cash flow, the receipt of performance liquidated damages pursuant to certain material contracts related to the Marine Export Terminal, the receipt of proceeds in connection with an event of loss (as defined in the Terminal Facility), the receipt of proceeds in connection with termination payments (as defined in the Terminal Facility), the receipt of proceeds in connection with certain dispositions by the Export Terminal Joint Venture, the incurrence of certain specified indebtedness, the inability to meet the conditions for paying a dividend for four or more consecutive quarters, dispositions of the Marine Terminal Borrower's equity interests in the Export Terminal Joint Venture, the receipt of indemnity payments in excess of $500,000 and certain amounts of any loans outstanding upon the conversion date.

Financial Covenants. Under the Terminal Facility, the Marine Terminal Borrower must maintain a minimum debt service coverage ratio (as defined in the Terminal Facility) for the prior four calendar fiscal quarters (or shorter period of time if data for the prior four fiscal quarters is not available) of no less than 1.10 to 1.00 from the beginning of the second full fiscal quarter of the term loan, being September 30, 2021.

Restrictive Covenants. Following completion of the Marine Export Terminal, the Marine Terminal Borrower can only pay dividends if the Marine Terminal Borrower satisfies certain customary conditions to paying a dividend, including maintaining a debt service coverage ratio for the immediately preceding four consecutive fiscal quarters and the projected immediately succeeding four consecutive fiscal quarters of not less than 1.20 to 1.00 and no default or event of default has occurred or is continuing. The Terminal Facility also limits the Marine Terminal Borrower from, among other things, incurring indebtedness or entering into mergers and divestitures. The Terminal Facility also contains general covenants that will require the Marine Terminal Borrower to vote its interest in the Export Terminal Joint Venture to cause the Export Terminal Joint Venture to maintain adequate insurance coverage and maintain its property (but only to the extent the Marine Terminal Borrower has the power under the organizational documents of the Export Terminal Joint Venture to cause such actions).

On May 6, 2021, the Company obtained a waiver from the lenders under the Terminal Facility, which is retrospective with effect from the date of its inception, to correct a technical inconsistency in the Terminal Facility, involving a restrictive covenant relating to taking affirmative action regarding the treatment of tax status of the borrower as a corporation for U.S. federal, state or local income tax purposes. The waiver requires among other things, within 90 days after the date of the waiver, the parties to the Terminal Facility, to amend the credit agreement and other loan documentation to remediate the inconsistency and to set aside and fund a tax reserve, based on an agreed periodic basis, of future tax liabilities. Management has concluded that it is probable that these requirements will be complied with within the required 90 days and therefore classification of the long term portion of the loan as non-current is appropriate

Security. The loans under the Terminal Facility are secured by first priority liens on the rights to the Marine Terminal Borrower's distributions from the Marine Terminal Joint Venture, the Export Terminal Borrower's assets and properties and the company's equity interests in the Marine Terminal Borrower.

Secured Term Loan Facilities and Revolving Credit Facilities

General. Navigator Gas L.L.C., our wholly-owned subsidiary, and certain of our vessel-owning subsidiaries have entered into a series of secured term loan facilities and revolving credit facilities beginning in January 2015, or the "January 2015 secured term loan facility," and in October 2016, or the "October 2016 secured term loan and revolving credit facility" and in June 2017, or the "June 2017 secured term loan and revolving credit facility," and in March 2019, or the "March 2019 secured term loan facility," and in September 2020, or the "September 2020 secured revolving credit facility". Collectively, we refer to the debt thereunder as our "secured facilities." Proceeds of the loans under our secured facilities are used to finance newbuildings, acquisitions and for general corporate purposes. Please read Note 10—Secured Term Loan Facilities and Revolving Credit Facilities to our consolidated financial statements.

The table below summarizes our secured term loan and revolving credit facilities as of December 31, 2020:

Facility agreement date	Original facility amount	Principal amount outstanding	Undrawn amount at December 31, 2020	Interest rate	Loan maturity date
January 2015*	$ 278.1	$ 99.8	$ —	US Libor + 270 BPS	March 2022—April 2023
October 2016	220.0	94.7	20.0	US Libor + 260 BPS	November 2023
June 2017	160.8	103.1	—	US Libor + 230 BPS	June 2023
March 2019	107.0	91.0	—	US Libor + 240 BPS	March 2025
September 2020	210.0	185.0	17.7	US Libor + 250 BPS	September 2024
October 2019**	69.1	61.4	—	US Libor + 185 BPS	October 2026
Total	$1,045.0	$635.0	$37.7		

* The January 2015 facility has tranches that mature over a range of dates, from March 2022 to April 2023.

** The October 2019 loan facility relates to the Navigator Aurora Facility held within a lessor entity (for which legal ownership resides with financial institutions) that we are required to consolidate under U.S. GAAP into our financial statements as a variable interest entity (Please read Note 9—Variable Interest Entities to our consolidated financial statements).

Fees and Interest. We paid arrangement and agency fees at the time of the closing of our secured term loan and revolving credit facilities. Agency fees are due annually. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus a bank margin, for interest periods of one, three or six months or longer if agreed by all lenders.

Term and Facility Limits

January 2015 Secured Term Loan Facility. The January 2015 secured term loan facility was entered into to refinance an April 2013 secured term loan facility, as well as to provide financing for nine of our vessels. The January 2015 secured term loan facility has a term of up to seven years from the individual vessel loan drawdown date with a maximum principal amount of up to $278.1 million. The facility is fully drawn. The aggregate fair market value of the collateral vessels must be no less than 135% of the aggregate outstanding borrowings under the facility. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 270 basis points per annum.

October 2016 Secured Term Loan and Revolving Credit Facility. The October 2016 secured term loan and revolving credit facility has a term of seven years from the first utilization date (and will expire in November 2023) with a maximum principal amount of up to $220.0 million of which $165.0 million was available as an amortizing secured term loan and $55.0 million is available as a revolving credit facility, of which $20.0 million currently remains undrawn. The aggregate fair market value of the collateral vessels must be no less than 125% of the aggregate outstanding borrowings under the facility. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 260 basis points per annum.

June 2017 Secured Term Loan and Revolving Credit Facility. The June 2017 secured term loan and revolving credit facility has a term of six years from the date of the agreement and expires in June 2023, with a maximum principal amount of $160.8 million and was entered into to re-finance a prior facility and for general corporate purposes. The facility has $100.0 million as a secured term loan and $60.8 million available as a revolving credit facility. The facility is currently fully drawn. The aggregate fair market value of the collateral vessels must be no less than 125% of the aggregate outstanding borrowing under the facility. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 230 basis points per annum.

March 2019 Secured Term Loan. The March 2019 secured term loan has a term of six years from the date of the agreement and expires in March 2025. It has a maximum principal amount of $107.0 million and was entered to re-finance four of our vessels that were secured within our January 2015 secured term loan facility and that were due to mature from June 2020. The full amount of this facility has been drawn. Under this agreement, the aggregate fair market value of the collateral vessels must be no less than 130% of the aggregate outstanding borrowing under the facility. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 240 basis points per annum.

September 2020 Secured Revolving Credit Facility. On September 17, 2020, the Company entered into a secured revolving credit facility with Nordea Bank ABP, Credit Agricole Corporate and Investment Bank, ING Bank N.V. London Branch, National Australia Bank, ABN AMRO Bank N.V. and BNP Paribas S.A. for a maximum principal amount of $210.0 million (the "September 2020 Secured Revolving Credit Facility"), to refinance our December 2015 secured revolving credit facility that was due to mature in December 2022.

The facility is due to mature in September 2024, but contains an option, subject to the consent of the Lenders, exercisable 12 to 36 months after the date of the agreement, to extend the maturity date of the facility by 12 months to September 2025. As of December 31, 2020, an amount of $185.0 million was outstanding, with a further $17.7 million undrawn and available. The initial drawdown was used to repay the December 2015 secured revolving credit facility and associated fees. Interest on the September 2020 Secured Revolving Credit Facility is payable quarterly at U.S. LIBOR plus 250 basis points. The amount of the total facility shall be reduced semi-annually by an amount of $7.4 million followed by a final balloon payment on September 17, 2024, of $150.9 million.

This loan facility is secured by first priority mortgages on each of; *Navigator Eclipse, Navigator Luga, Navigator Nova, Navigator Prominence,* and *Navigator Yauza* as well as assignments of earnings and insurances on these secured vessels.

Prepayments/Repayments. The borrowers may voluntarily prepay indebtedness under our secured term loan facilities at any time, without premium or penalty, in whole or in part upon prior written notice to the facility agent, subject to customary compensation for LIBOR breakage costs. For the January 2015 and the March 2019 secured term loan facilities referred to above, the borrowers may not re-borrow any amount that has been so prepaid. For the revolving elements of the October 2016 and June 2017 secured term loan and revolving credit facilities, and the September 2020 revolving credit facility, the borrowers may re-borrow and prepay amounts.

The loans are subject to quarterly amortization repayments typically beginning three months after the initial borrowing date or delivery dates of the newbuildings or delivered ships, as applicable. Any remaining outstanding principal amount must be repaid on the expiration date of the facilities.

The borrowers are also required to deliver semi-annual compliance certificates, which include valuations of the vessels securing the applicable facility from an independent ship broker. Upon delivery of the valuation, if the market value of the collateral vessels is less than 125% to 135% of the outstanding indebtedness under the facilities, as applicable, the borrowers must either provide additional collateral or repay any amount in excess of 125% to 135% of the market value of the collateral vessels, as applicable. This covenant is measured semi-annually on June 30 and December 31. As of December 31, 2020, we had an aggregate excess of $392.6 million above the levels required by these covenants, in addition to four vessels that remain unsecured.

Financial Covenants. The secured term loan facilities and revolving credit facilities contain financial covenants requiring the borrowers, among other things, to ensure that:

- the borrowers have liquidity (including undrawn available lines of credit with a maturity exceeding 12 months) of no less than (i) $25.0 or $35.0 million, or (ii) 5% of Net Debt or total debt, as applicable, whichever is greater;
- the ratio of EBITDA to Interest Expense (each as defined in the applicable secured term loan facility and revolving credit facility or as amended), on a trailing four quarter basis, is no less than 2.50 to 1.00 or 3.00 to 1.00; and
- the borrower must maintain a minimum ratio of shareholder equity to total assets of 30%;

Restrictive Covenants. The secured facilities provide that the borrowers may not declare or pay dividends to shareholders out of operating revenues generated by the vessels securing the indebtedness until December 31, 2020 or thereafter, if an event of default has occurred or is continuing. The secured term loan facilities and

revolving credit facilities also limit the borrowers from, among other things, incurring indebtedness or entering into mergers and divestitures. The secured facilities also contain general covenants that will require the borrowers to maintain adequate insurance coverage and to maintain their vessels. In addition, the secured term loan facilities include customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation and warranty, a cross-default to other indebtedness and non-compliance with security documents.

Other than as stated, our compliance with the financial covenants is measured as at the end of each fiscal quarter. As of December 31, 2019, and 2020, we were in compliance with all covenants under the secured term loan facilities and revolving credit facilities, including with respect to the aggregate fair market value of our collateral vessels.

2017 Senior Unsecured Bonds

On February 10, 2017, we issued senior unsecured bonds in an aggregate principal amount of $100.0 million with Nordic Trustee AS as the bond trustee (the "2017 Bonds"). The net proceeds of the 2017 Bonds, together with cash on hand, were used to redeem in full previously issued bonds. In September 2020, pursuant to a call option under the terms of the bond agreement governing the 2017 Bonds, we redeemed all of the $100.0 million in outstanding principal amount of the 2017 Bonds at a price of 100% to 100.5% of par, plus accrued interest. As a result, we no longer have any outstanding 2017 Bonds. The redemption of the 2017 Bonds was funded with the net proceeds from the issuance of the 2020 Bonds (as defined below).

2018 Senior Secured Bonds

General. On November 2, 2018, we issued senior secured bonds in an aggregate principal amount of 600 million Norwegian Kroner ("NOK") (approximately $71.7 million) with Nordic Trustee AS, as bond trustee and security agent (the "2018 Bonds"). The net proceeds were used to partially finance our portion of the capital cost for the construction of the Marine Export Terminal. The 2018 Bonds are governed by Norwegian law and are listed on the Nordic ABM which is operated and organized by Oslo Børs ASA. Please read Note 11—Senior Secured Bond to our consolidated financial statements.

Security. The 2018 Bonds are secured by four of the Company's ethylene capable semi-refrigerated liquefied gas carriers.

Interest. Interest on the 2018 Bonds is payable quarterly at a rate equal to the 3-month NIBOR plus 6.0% per annum, calculated on a 360-day year basis. We have entered into a cross-currency interest rate swap agreement whereby interest is payable at a rate equal to the 3-month LIBOR plus 6.608% throughout the life of the bond. Please read Note 3—Derivative Instruments Accounted for at Fair Value to our consolidated financial statements.

Maturity. The 2018 Bonds will mature in full on November 2, 2023.

Optional Redemption. We may redeem the 2018 Bonds, in whole or in part, at any time beginning on or after November 2, 2021. Any 2018 Bonds redeemed from November 2, 2021 until November 1, 2022, are redeemable at 102.4% of par, from November 2, 2022 until May 1, 2023, are redeemable at 101.5% of par, and from May 2, 2023 to the maturity date are redeemable at 100% of par, in each case, in cash plus accrued interest.

Additionally, upon the occurrence of a "Change of Control Event" (as defined in the bond agreement governing the 2018 Bonds (the "2018 Bond Agreement")), the holders of 2018 Bonds have an option to require us to repay such holders' outstanding principal amount of 2018 Bonds at 101% of par, plus accrued interest.

Financial Covenants. The 2018 Bond Agreement contains financial covenants requiring us, among other things, to ensure that:

- we and our subsidiaries maintain a minimum liquidity of no less than $25.0 million; and
- we and our subsidiaries maintain an Equity Ratio of at least 30%.

Our compliance with the covenants listed above is measured as of the end of each fiscal quarter. As of December 31, 2019, we were in compliance with all covenants under the 2018 Bonds.

Restrictive Covenants. The 2018 Bond Agreement provides that we may declare dividends so long as such dividends do not exceed 50% of our cumulative consolidated net profits after taxes since January 1, 2020, payable at the earliest from January 1, 2021. The 2018 Bond Agreement also limits us and our subsidiaries from, among other things, entering into mergers and divestitures, engaging in transactions with affiliates or incurring any additional liens which would have a material adverse effect. In addition, the 2018 Bond Agreement includes a put option exercisable following a change of control and customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, false representation and warranty, a cross-default to other indebtedness, the occurrence of a material adverse effect, or our insolvency or dissolution.

2020 Senior Unsecured Bonds

General. On September 10, 2020, we issued senior unsecured bonds in an aggregate principal amount of $100.0 million with Nordic Trustee AS as the bond trustee (the "2020 Bonds"). The net proceeds of the issuance of the 2020 Bonds were used to redeem in full all of our outstanding 2017 Bonds. The 2020 Bonds are governed by Norwegian law and listed on the Nordic ABM which is operated and organized by Oslo Børs ASA.

Interest. Interest on the 2020 Bonds is payable at a fixed rate of 8.0% per annum, calculated on a 360-day year basis. Interest is payable semiannually on March 10 and September 10 of each year.

Maturity. The 2020 Bonds mature in full on September 10, 2025 and become repayable on that date.

Optional Redemption. We may redeem the 2020 Bonds, in whole or in part at any time. Any 2020 Bonds redeemed; up until September 9, 2023 will be priced at the aggregate of the net present value (based on the Norwegian government bond rate plus 50 basis points) of 103.2% of par and interest payable up to September 9, 2023; from September 10, 2023 up until September 9, 2024, are redeemable at 103.2% of par, from September 10, 2024 up until March 9, 2025, are redeemable at 101.6% of par, and from March 10 to the maturity date are redeemable at 100% of par, in each case, in cash plus accrued interest.

Additionally, upon the occurrence of a "Change of Control Event" (as defined in the bond agreement for the 2020 Bonds, (the "2020 Bond Agreement")), the holders of 2020 Bonds have an option to require us to repay such holders' outstanding principal amount of 2020 Bonds at 101% of par, plus accrued interest.

Financial Covenants. The 2020 Bond Agreement contains financial covenants requiring us, among other things, to ensure that:

- we and our subsidiaries maintain a minimum liquidity of no less than $35.0 million; and
- we and our subsidiaries maintain an Equity Ratio (as defined in the 2020 Bond Agreement) of at least 30%.

Our compliance with the covenants listed above is measured as of the end of each fiscal quarter. As of December 31, 2020, we were in compliance with all covenants under the 2020 Bonds.

Restrictive Covenants. The 2020 Bonds provide that we may declare or pay dividends to shareholders provided the Company maintains a minimum liquidity of $60.0 million unless an event of default has occurred

and is continuing. The 2020 Bond Agreement also limits us and our subsidiaries from, among other things, entering into mergers and divestitures, engaging in transactions with affiliates or incurring any additional liens which would have a material adverse effect. In addition, the 2020 Bond Agreement includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, false representation and warranty, a cross-default to other indebtedness, the occurrence of a material adverse effect, or our insolvency or dissolution.

Lessor VIE Debt

In October 2019, we entered into a sale and leaseback transaction to refinance one of our vessels, *Navigator Aurora*¸ with a lessor, OCY Aurora Ltd, a special purpose vehicle ("SPV") and wholly-owned subsidiary of Ocean Yield Malta Limited. The SPV was determined to be a variable interest entity ("VIE"). We are deemed to be the primary beneficiary of the VIE, and as a result, we are required by U.S. GAAP to consolidate the SPV into our results. The loan described below under "—Navigator Aurora Facility" relates to the VIE. Although we have no control over the funding arrangements of this entity, we are required to consolidate these loan facilities into our financial results. Please read Note 9—Variable Interest Entities to our consolidated financial statements for further information.

Upon the occurrence of a "Change of Control Event" (as defined in the sale and leaseback agreement), the lessor has an option to require us to repurchase *Navigator Aurora* at 103% of the outstanding lease amount, plus costs and expenses directly attributable to the termination of the lessor's financing arrangements, such as break costs for swap arrangements.

Navigator Aurora Facility

In October 2019, the SPV, which owns *Navigator Aurora*, entered into secured financing agreements for $69.1 million consisting of a USD denominated loan facility, the "Navigator Aurora Facility". The Navigator Aurora Facility is a seven year unsecured loan provided by OCY Malta Limited, the parent of OCY Aurora Ltd., The Navigator Aurora Facility is subordinated to a further bank loan where OCY Aurora Ltd is the guarantor and *Navigator Aurora* is pledged as security. Please read Note 10—Secured Term Loans Facilities and Revolving Credit Facilities to our consolidated financial statements for further information. The Navigator Aurora Facility bears interest at 3 month U.S. LIBOR plus a margin of 185 basis points and is repayable by the SPV with a balloon payment on maturity. As of December 31, 2020, there was $61.4 million in borrowings outstanding under the Navigator Aurora Facility (December 31, 2019, $68.1 million).

C. Research and Development Patents and Licenses etc.

We do not undertake any significant expenditure on research and development and have no significant interests in patents or licenses.

D. Trend Information

The Company's vessel utilization rose from a low level of 71.5% in September to a high point of 95% in December, averaging 91% for the fourth quarter of 2020. The increase can partly be attributed to a return to normal for U.S. ethylene pricing after Hurricane Laura and the subsequent resumption of ethylene exports from the Marine Export Terminal, in addition to an increase in the demand for LPG seaborne transportation leading into the winter months. As a result, during the fourth quarter of 2020, petrochemical operating days increased by 21% to 1,549 days, LPG operating days increased by 14% to 1,413 days and ammonia operating days increased by 17% to 182 days, in each case when compared to the third quarter of 2020. This is the second quarter in the Company's history where petrochemical operating days was greater than either of the other two products. 2020 was the first year as a whole where petrochemical operating days matched LPG operating days at 47% each. Of those 1,549 petrochemical operating days, a record 868 days were related to ethane and ethylene transportation.

Navigator Atlas, a 21,000cbm ethylene gas carrier, was the first vessel to load from the on-shore cryogenic storage tank at the Marine Export Terminal on December 23, 2020. The tank will greatly enhance the efficiency at the Marine Export Terminal and is expected to enable it to achieve or exceed the annual nameplate throughput capability of one million tons.

The demand for seaborne transportation of LPG increased significantly during the fourth quarter of 2020, driving Very Large Gas Carriers ("VLGC") 12-month time charter assessed rates from $960,000 per month at the beginning of the quarter to $1,450,000 per month at the end of the quarter. The Midsize LPG segment saw rates increase from $725,000 per month to $830,000 per month and handysize charter rates rose from $605,000 per month to $655,000 per month during the fourth quarter of 2020.

This increased trend continued into January 2021 with all three segments peaking, before easing off in February. The 12-month time charter broker assessed rates for VLGCs and midsize vessels have reduced by $650,000 and $50,000 per month respectively, to $950,000 and $850,000 per month level, while the handysize sector, being less volatile, has only reduced by $5,000 per month to $690,000 per month.

Since the February 2021, the winter storms in Texas has impacted our utilization at the Marine Export Terminal and our ethylene capable vessels, as both U.S. LPG and ethylene exports have been reduced as a direct consequence. In addition, a force majeure due to mechanical integrity concerns at the Marine Export Terminal disrupted operations, but this issue was resolved on March 24. However the winter storms caused a sudden shutdown of the majority of U.S. ethylene production, resulting in U.S. ethylene prices reaching in excess of $1,200pmt, exceeding both European and Asian prices, significantly reducing ethylene export volumes through the terminal. Ethylene production has since returned to normal operating rates, with prices reducing as the domestic ethylene inventory levels rise and slowly surpassing domestic demand. The price of ethane, the key U.S. feedstock for U.S. ethylene producers, remains at a low level, which supports an expectation that U.S. ethylene fundamentals will return to normal and ethylene exports to international markets will resume to pre-storm levels by the end of the second quarter of 2021.

E. Off-Balance Sheet Arrangements

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

F. Tabular Disclosure of Contractual Obligations

The contractual obligations schedule set forth below summarizes our contractual obligations as of December 31, 2020.

	2021	2022	2023	2024	2025	Thereafter	Total
				(in thousands)			
Marine Export Terminal capital contributions[1]	4,000	—	—	—	—	—	4,000
Secured term loan facilities and revolving credit facilities	67,936	124,479	202,353	175,413	54,388	—	624,569
2020 Bonds	—	—	—	—	100,000	—	100,000
2018 Bonds	—	—	71,697	—	—	—	71,697
Office operating leases[2]	1,572	252	—	—	—	—	1,824
Navigator Aurora Facility[3]	—	—	—	—	—	61,361	61,361
Total contractual obligations	$73,508	$124,731	$274,050	$175,413	$154,388	$61,361	$863,451

[1] On January 21, 2021, the Company made a capital contribution of $4.0 million to the Export Terminal Joint Venture, by drawing down on the Terminal Facility, being the final contribution for our expected full share of the capital cost for the construction of the Marine Export Terminal.

[2] The Company occupies office space in London with a lease that commenced in January 2017 for a period of 10 years with a mutual break option in January 2022, the fifth anniversary from the lease commencement date. This break option is recognized in the table above but has not been included as part of the right-of-use asset and lease liability associated with the lease. Please read Note 16—Operating Lease Liabilities to our consolidated financial statements.

[3] The Navigator Aurora Facility is a loan facility held within a lessor entity (for which legal ownership resides with financial institutions) that we are required to consolidate under U.S. GAAP into our financial statements as a variable interest entity Please read Note 9—Variable Interest Entities to our consolidated financial statements

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

G. Safe Harbor

See "Cautionary Statement Regarding Forward Looking Statements" at the beginning of this annual report.

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make estimates in the application of our accounting policies based on our best assumptions, judgments and opinions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. For a description of our material accounting policies, please read Note 2—Summary of Significant Accounting Policies to our consolidated financial statements.

Going Concern. A discussion of the Company's going concern as of the date of issuance of our consolidated financial statements for the year ended December 31, 2019 concluded that there was substantial doubt about the Company's ability to continue as a going concern as a result of the negative impacts of COVID-19; the potential inability of the Company to maintain its minimum liquidity covenants, in part due to the uncertainty related to potential cash collateral obligations; or to remain in compliance with its interest coverage covenants; as well as the uncertainty of the ability to refinance or to repay its $100 million 2017 bonds when they were to mature in February 2021. We believe all of these uncertainties have either been resolved or mitigated during the year ended December 31 2020, as described below.

During the year ended December 31, 2020, the Company increased its liquidity through a number of actions, first by drawing down a total of $51.0 million from the Terminal Facility, of which $34.0 million was used for general corporate purposes, due to previous capital contributions for the Marine Export Terminal being paid from the Company's own resources. In addition, the Company entered into the new September 2020 Secured Revolving Credit Facility, enabling an additional $25 million from that $210.0 million facility to be available for general corporate purposes. As a result, the Company had a cash balance of $59.3 million as of December 31, 2020 with a further $37.6 million available from undrawn credit facilities.

In September 2020, the Company issued new $100 million senior unsecured 2020 Bonds for the purpose of refinancing its 2017 Bonds, which were scheduled to mature in February 2021. The 2020 Bonds will mature in September 2025 and have a fixed coupon of 8.00% per annum. The 2017 Bonds were redeemed in full on September 15, 2020.

While the above new borrowings will incur additional interest costs, U.S. LIBOR reduced significantly during the year ended December 31, 2020, which has reduced our borrowing costs over the same period and U.S. LIBOR is expected to remain low for the foreseeable future. The negative impact of the global pandemic has not reduced, to the extent initially anticipated, the demand for the LPG markets we serve, or petrochemicals and ammonia and we do not expect, based on market data reviewed by us, that such demand will reduce to an extent that would result in a decline in our earnings to levels that would cause a breach by us of our interest coverage covenants. We believe therefore that the risk of non-compliance with our interest coverage ratio covenants has been alleviated. In addition, when considered together with the additional liquidity generated and the repayment of the 2017 bonds, we believe that there is no longer substantial doubt about the Company's ability to continue as a going concern and that the Company will be able to pay its obligations as they come due.

Revenue Recognition. We employ our vessels under time charters, voyage charters or COAs. With time charters, we receive a fixed charter rate per on-hire day and revenue is recognized ratably over the term of the charter. Time charters are considered operating leases and since January 1, 2019 we apply lease income recognition guidance in Accounting Standards Codification ("ASC") 842—Leases following the adoption of that standard. In addition, the Company has performed a qualitative analysis of each of its time charter contracts and concluded that the lease component is the predominant component as the lessee would attribute most value to the ability to direct the use of the vessel rather than to the technical and crewing services to operate the vessel which are add-on services to the lessee. Accordingly, revenue from vessels under time charters are presented as a single lease component.

For each year presented prior to January 1, 2019, we recognized revenue for time charters under the previous leasing standard, ASC 840, and recorded operating lease revenue over the term of the charter as the service was provided.

In the case of voyage charters, the vessel is contracted for a voyage between two or several ports, and we are paid for the cargo transported. Revenue from COAs is recognized on the same basis as revenue from voyage charters, as they are essentially a series of consecutive voyage charters. Since January 1, 2018, following adoption of ASC 606, Revenue from Contracts with Customers, our basis for revenue recognition for voyage charters and COAs has changed to recognize revenue on a load to discharge basis. (See Note 2(a)—Basis of Presentation to our consolidated financial statements), Previously, we recognized revenue on a discharge-to-discharge basis in determining the percentage of completion for all voyage charters but did not begin recognizing revenue until a charter had been agreed, even if the vessel had discharged its prior cargo and was sailing to the anticipated load port for its next voyage.

Impairment of Equity Method Investments. The equity method investments are reviewed for indicators of impairment when events or circumstances indicate the carrying amount of the investment may not be recoverable. When such indicators are present, we determine if the indicators are 'other than temporary' to determine if an impairment exists. If we determine that an impairment exists, a discounted cash flow analysis is carried out based on the future cash flows expected to be generated over the investment's estimated remaining useful life. The resulting net present value is compared to the carrying value and we would recognize an impairment loss equal to the amount by which the carrying amount exceeds its fair value.

Considerations in identifying if indicators of impairment are present for the equity method investments include significant incidents that have resulted in the forecast future operating cash flows to be amended, such as significant market events that impact the terminal operations and cashflow, physical damage to assets, recurring financial losses for consecutive periods or changes to the Company's equity holding in the investment. As of December 31, 2020, the aggregate carrying value of our investment in the Export Terminal Joint Venture was $148.7 million and the Company's investment in the Luna Pool Agency Limited (the "Pool Agency") was one British pound. The Pool Agency has no activities other than that as a legal custodian of the Luna Pool bank account and there will be no variability in its financial results, as it has no income and its minimal operating expenses are reimbursed by the pool participants. We believe that there are no events or circumstances that

indicate that the value of the investments in the Export Terminal Joint Venture or the Luna Pool Agency Limited should be impaired as of December 31, 2020.

Our joint venture partner and operator of the terminal have a robust business continuity process in place following CDC guidance and have adapted their existing HSE policy following the outbreak of COVID-19. The construction of the Marine Export Terminal was completed on schedule in December 2020 with the commissioning of the 30,000 ton cryogenic ethylene storage tank and its entering into operations. The full post-tank commitments of the offtake agreements, which have minimum terms of five years, came into effect on January 1, 2021 and provide for a minimum of 938,000 tons of ethylene throughput the terminal annually.

During February and March 2021, operation of the 26 mile pipeline carrying ethylene from caverns at Mt Belvieu, Texas to the Marine Export Terminal was halted due to mechanical integrity concerns which impacted terminal volumes for those months. Those concerns have been remedied and the terminal has resumed normal operations. There are no current indicators to suggest an impairment of our investment is required.

Vessels Depreciation. The cost of our vessels (excluding the estimated initial built-in overhaul cost) less their estimated residual value is depreciated on a straight-line basis over the vessels' estimated useful lives. We estimate the useful life of each of our vessels to be 30 years from the date the vessel was originally delivered from the shipyard. The actual life of a vessel, however, may be different, with a life less than 30 years resulting in an increase in the quarterly depreciation and potentially resulting in an impairment loss. The estimated residual value is based on the steel value of the tonnage for each vessel.

Impairment of Vessels. We review our vessels for impairment when events or circumstances indicate the carrying amount of the vessel may not be recoverable. When such indicators are present, a vessel is tested for recoverability and we recognize an impairment loss if the sum of the expected future cash flows (undiscounted and excluding interest charges that will be recognized as an expense when incurred) expected to be generated by the vessel over its estimated remaining useful life is less than its carrying value. If we determine that a vessel's undiscounted cash flows are less than its carrying value, we record an impairment loss equal to the amount by which its carrying amount exceeds its fair value. The new lower cost basis would result in a lower annual depreciation than before the impairment.

Considerations in making such an impairment evaluation include comparison of current carrying values to anticipated future operating cash flows, expectations with respect to future operations and other relevant factors. The estimates and assumptions regarding expected cash flows require considerable judgment and are based upon historical experience, financial forecasts and industry trends and conditions.

As of December 31, 2020, the aggregate carrying value of our 38 vessels in operation, including dry docking costs, was $1,546 million. We determined the aggregate undiscounted cash flows of those vessels as of December 31, 2020, to be $3,119.2 million. The undiscounted future cash flows used to support vessel values were determined by applying various assumptions regarding future revenues, vessel utilization rates, operating expenses and residual values. These assumptions are based on historical trends as well as future expectations. Specifically, in estimating future charter rates, management took into consideration estimated daily TCE rates for each vessel over the estimated remaining lives of each of the vessels. Management takes into consideration rates currently in effect for existing time charters and the estimated daily TCE rates used for unfixed vessels, which were based on the trailing 10-year historical average one-year time charter rates, an average rate depending on vessel type of between approximately $620,000 and $720,000 per calendar month as of December 31, 2020. Recognizing that rates tend to be cyclical, and subject to some volatility based on factors beyond our control, management believes the use of estimates based on the 10-year historical average rates calculated as of the reporting date to be appropriate. In addition, our vessels operate in a sector that is relatively young and data beyond 10 years is limited, while rates for one and five year periods would not necessarily include the peaks and troughs of a typical shipping cycle. Estimated vessel utilization rates used are also based on the average utilization rates achieved by us on the trailing 10-year historical average. Estimated outflows for operating

expenses are based on costs incurred over the past twelve months and are adjusted for assumed inflation. Estimates of a residual value are consistent with scrap rates used in management's evaluation of scrap value.

Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate at the time they were made, such assumptions are highly subjective and likely to change, possibly materially, in the future. A 15% reduction in the estimated vessel TCE rate or a reduction in the average utilization rates by 10% used in connection with our calculations would result in a $853.3 million decrease or a $618.7 million decrease respectively in the aggregate undiscounted cash flows of our vessels in operation as of December 31, 2020, which would not result in an impairment. A 10% increase in estimated vessel operating expenses used in connection with our calculations would result in a $250.9 million decrease in the aggregate undiscounted cash flows of our vessels in operation as of December 31, 2020, which would not result in an impairment.

We obtain shipbroker appraisals of our vessels principally for the purposes of bank covenant compliance. These appraisals are generally performed without examination of the vessel and without an attempt to market a vessel, and no consideration is given to whether a group of vessels could be sold for higher valuation than on an individual basis. In addition, with respect to the class of vessels we own, we believe that relative to the worldwide oceangoing vessel fleet, the market for the sale of our vessels is particularly illiquid, due to the relatively limited number of vessels in the global handysize fleet and the specialized nature of these vessels, difficult to observe and, therefore, speculative, given the extremely limited secondary sales data. Given this lack of secondary sales data available for our specific vessels, these appraisals have been used by us as an approximation of our vessels' market values. However, because these appraisals are primarily prepared for the purpose of valuing collateral and given the lack of comparable market transactions, shipbroker appraisals are predominantly prepared on a depreciated replacement cost, *charter-free* basis (i.e. vessel only, without the benefit of a revenue stream), which we believe potentially discounts the value of our vessels. As a result, we believe that the ultimate value that could be obtained from the sale of any one of our vessels to a willing third-

party may, and in many cases meaningfully, exceed the vessel's appraised value on this basis. The table below indicates the carrying value of each of our owned vessels as of December 31, 2020.

Operating Vessel	December 31, 2020 Carrying Value
	(in millions)
Navigator Aries	$38.3
Navigator Atlas	43.1
Navigator Aurora	71.0
Navigator Capricorn	33.9
Navigator Centauri	40.0
Navigator Ceres	40.2
Navigator Ceto	39.2
Navigator Copernico	39.7
Navigator Eclipse	71.6
Navigator Europa	42.8
Navigator Galaxy	33.9
Navigator Gemini	39.9
Navigator Genesis	34.0
Navigator Global	34.0
Navigator Glory	33.4
Navigator Gusto	34.3
Navigator Grace	33.2
Navigator Jorf	47.3
Navigator Leo	39.3
Navigator Libra	39.6
Navigator Luga	47.8
Navigator Magellan	17.2
Navigator Mars	27.8
Navigator Neptune	26.3
Navigator Nova	72.7
Navigator Oberon	43.4
Navigator Pegasus	36.7
Navigator Phoenix	37.6
Navigator Pluto	26.5
Navigator Prominence	76.7
Navigator Saturn	26.2
Navigator Scorpio	36.4
Navigator Taurus	40.9
Navigator Triton	44.0
Navigator Umbrio	44.2
Navigator Venus	27.7
Navigator Virgo	36.9
Navigator Yauza	48.0

Following a sale and leaseback transaction in October 2019, *Navigator Aurora,* is now owned by OCY Aurora Ltd., a Maltese limited liability company. OCY Aurora Ltd., the "lessor entity", is a wholly owned subsidiary of Ocean Yield Malta Limited. We do not hold any shares or voting rights in the lessor entity, which is accounted for as a fully consolidated VIE in our consolidated financial statements. Please read Note 9—Variable Interest Entities to our consolidated financial statements.

We believe that the future undiscounted cash flows expected to be earned by our vessels over their operating lives exceeded the vessels' carrying amounts as of December 31, 2020. Accordingly, no impairment charge has

been recorded as of December 31, 2020 following the requirements of our U.S. GAAP impairment accounting policy. The carrying value of 35 out of 38 of our vessels was higher than its shipbroker appraised value as of December 31, 2020. The aggregate carrying value of these vessels exceeded the aggregate shipbroker appraised values by approximately $119.6 million as of December 31, 2020.

Drydocking Costs. Each of our vessels is required to be drydocked every five years until it reaches 15 years of age, after which each vessel is required to be drydocked every two and a half to three years for any major repairs and maintenance and for inspection of the underwater parts of the vessel, which cannot be performed while the vessel is operating. We capitalize costs associated with the drydockings as "built in overhauls" in accordance with U.S. GAAP and amortize these costs on a straight-line basis over the period between drydockings.

Amortization of capitalized drydocking expenditures requires us to estimate the period until the next drydocking. While we typically drydock each vessel every two and a half to five years, we may drydock the vessels on a more frequent basis. If we change our estimate of the next drydock date, we will adjust our annual amortization of drydocking expenditures. Amortization of drydockings is included in our depreciation and amortization expense.

Valuation of Derivative Instruments. Our risk management policies permit the use of derivative financial instruments to manage interest rate and foreign currency risk. Changes in the fair value of derivative instruments that are not designated as hedging instruments for accounting purposes are recognized in earnings but do not impact our cash flows.

The fair value of our derivative instruments and the changes in fair value of our derivative instruments result from our cross-currency interest rate swap agreement and our interest rate swap agreements. The fair value of our derivative instruments is the estimated amount that we would receive to sell or transfer the swap at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties. The estimated amount is the present value of estimated future cash flows, adjusted for credit risk. The Company transacts all of these derivative instruments through investment-grade rated financial institutions at the time of the transaction. It is possible that the amount recorded as a derivative asset or liability could vary by a material amount in the near term if there is volatility in the credit markets or if credit risk were to change significantly.

The fair value of our cross-currency interest rate swap agreement and interest rate swap agreements at the end of each period is most significantly affected by the interest rate implied by the benchmark interest yield curve, including its relative steepness, forward foreign exchange rates and the interest rate implied by the benchmark interest yield curve respectively. Interest rates and foreign exchange rates have experienced significant volatility in recent years in both the short and long term. While the fair value of our cross-currency interest rate swap agreement is typically more sensitive to changes in short-term rates, significant changes in the long-term benchmark interest, foreign exchange rates and the credit risk of the counterparty or the Company also materially impact our cross-currency interest rate swap agreement.

The fair value of our cross-currency interest rate swap agreement and interest rate swap agreements is also affected by changes in our specific credit risk included in the discount factor. We discount our swap agreements with reference to the credit default swap spreads of similarly rated global industrial companies and by considering any underlying collateral. The process of determining credit worthiness requires significant judgment in determining which source of credit risk information most closely matches our risk profile.

The benchmark interest rate yield curve and our specific credit risk are expected to vary over the life of the cross-currency interest rate swap agreement and interest rate swap agreements.

The larger the notional amount of the cross-currency interest rate swap agreement and interest rate swap agreements outstanding and the longer the remaining duration of the cross-currency interest rate swap agreement and interest rate swap agreements, the larger the impact of any variability in these factors will be on the fair value of our cross-currency interest rate swap and interest rate swap agreements. We economically hedge the interest rate exposure on a significant amount of our long-term debt and for long durations. As such, we have

experienced, and we expect to continue to experience, material variations in the period-to-period fair value of our derivative instruments.

We measure the fair value of our derivative instruments utilizing the inputs and assumptions described above. If we were to terminate the agreement at the reporting date, the amount we would pay or receive to terminate the derivative instruments may differ from our estimate of fair value. If the estimated fair value differs from the actual termination amount, an adjustment to the carrying amount of the applicable derivative asset or liability would be recognized in earnings for the current period. Such adjustments could be material. See Note 19—Derivative Instruments to our consolidated financial statements for the effects on the change in fair value of our derivative instruments on our consolidated statements of operations and statements of comprehensive income.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Directors

Set forth below are the names, ages and positions of our directors.

Name	Age	Position
David J. Butters	80	Chairman of the Board
Dr. Henry Deans	53	Director and Chief Executive Officer
Andreas Beroutsos	55	Director
Dr. Heiko Fischer	53	Director
David Kenwright	73	Director
Alexander Oetker	46	Director
Florian Weidinger	40	Director

Our board of directors is elected annually. Each director holds office until their successor has been duly elected and qualified, except in the event of their death, resignation, removal or the earlier termination of their term of office. Officers are elected from time to time by vote of our board of directors and hold office until a successor is elected.

Biographical information with respect to each of our directors and our executive officers is set forth below. The business address for our directors is 650 Madison Avenue, 25th Floor, New York, New York 10022.

David J. Butters. David J. Butters has been a member of the Board since September 2008. Mr. Butters relinquished his role as President and Chief Executive Officer to Dr. Deans in August 2019 and continues to serve as Chairman of the Board. Prior to September 2008, Mr. Butters served as a managing director of Lehman Brothers Inc., a subsidiary of Lehman Brothers Holdings Inc., where he had been employed for more than 37 years.

Dr. Henry Deans. Dr. Henry Deans was appointed to serve as the Chief Executive Officer of the Company in August 2019 and has been a member of the Board since November 2018. Dr. Deans was Chief EH&S and Operations Officer of Johnson Matthey plc London from December 2018 to June 2019. Dr. Deans served as the Executive Vice President and President of the nitrogen division of Nutrien Ltd. ("Nutrien"), a fertilizer producer and distributor, from January 2018 to May 2018. From August 2015 to December 2017, Dr. Deans was the Senior Vice President of Agrium Inc., a fertilizer producer and distributor, prior to its merger with Potash Corporation of Saskatchewan to form Nutrien. From August 2015 to December 2017, he served as a member of the board of directors of Canpotex Potash Export Company. From 2006 to 2014, Dr. Deans held a series of positions as the chief executive officer of multiple affiliates and directly owned subsidiaries of INEOS Group Holdings S.A., a chemical company. Dr. Deans holds a Ph.D and M.Phil. in chemistry from Strathclyde University as well as a B.Sc. in chemistry from Glasgow University.

Andreas Beroutsos. Andreas Beroutsos joined the Board with effect from December 22, 2020 as a designee of BW Group following the BW Group Sale. Mr. Beroutsos is the Managing Director, Investments, and the senior group executive for strategic new businesses, at BW Group, a position he has held since 2020. Mr. Beroutsos was a member of the board of OSX-listed BW LPG, an energy transportation company associated with BW Group, from 2013 until 2020. In his 13 years as a private equity investor, Mr. Beroutsos has been the executive vice president and senior portfolio manager for private equity & infrastructure at Caisse de Dépôt et Placement du Québec (CDPQ), a leading Canadian institutional investor that manages public and para-public pension plans and insurance programs. At CDPQ, Mr. Beroutsos served on the management committee, client committee, and cross-asset-class investment-risk committee; and was the chair of the private equity and infrastructure investment committees. Subsequently, Mr. Beroutsos was a partner at HRS Management LLC. Prior to CDPQ, Mr. Beroutsos led private investments at multi-strategy fund Eton Park Capital Management. Earlier in his career, Mr. Beroutsos spent 17 years at McKinsey & Co., where he was a senior partner. Mr. Beroutsos has been a member of the board of directors of PetSmart, Inc., a pet supplies company and parent of NYSE-listed Chewy (CHWY), since 2015 and of HIG Acquisition Corp. (NYSE: HIGA) since 2020. In 2013, Mr. Beroutsos was selected by European and Greek authorities to serve as an Independent Member on the Board of the Hellenic Financial Stability Fund, overseeing the recapitalization of Greek banks. He holds M.B.A. and B.A. degrees from Harvard University.

Dr. Heiko Fischer. Dr. Heiko Fischer has been a member of the Board since December 2011. Dr. Fischer has been Chief Executive Officer and Chairman of the Executive Board of VTG Aktiengesellschaft, a German railroad freightcar lessor and logistics company traded on the Frankfurt Stock Exchange, since May 1, 2004. He was a member of the Supervisory Board of Hapag-Lloyd AG, a German container shipping company. He is the Chairman of the Advisory Board of TRANSWAGGON-Gruppe and a member of the Advisory Boards of Brueckenhaus Grundstueckgesellschaft m.b.h. and Kommanditgesellschaft Brueckenhaus Grundstuecksgesellschaft m.b.H. & Co. as well as a member of the Administrative Boards of TRANSWAGGON AG, Waggon Holding AG, AAE Holding AG, AAE Capital AG and VTG Cargo AG. Dr. Fischer graduated from the University at Albany (SUNY) with an MBA in 1992, and from Julius-Maximilian University in Wuerzburg, Germany with a PhD in Economic Sciences in 1996.

David Kenwright. David Kenwright has been a member of the Board since March 2007. Mr. Kenwright is a managing director of Achater Offshore Ltd., the Aberdeen Business Centre, and Chairman of the U.K. Emergency Response and Rescue Vessel Association Ltd., is also a non-executive director of Oxford Electromagnetic Systems Limited and was previously a managing director of Gulf Offshore N.S. Ltd. for seven years. Mr. Kenwright is a Chartered Engineer and a Fellow of the Institute of Marine Engineering, Science and Technology.

Alexander Oetker. Alexander Oetker has been a member of the Board since September 2006. Mr. Oetker is a Shareholder of the Oetker Group with interests in food, beer, hotels, banking and chemical companies. In addition, Mr. Oetker is the Founder and Chief Executive Officer of A. O. Schifffahrt GmbH, a bulk shipping company based in Hamburg, Germany. Before founding A. O. Schifffahrt in 2003, Mr. Oetker was employed as chartering manager of Hamburg Sud and by Hutchison Port Holdings in Hong Kong.

Florian Weidinger. Florian Weidinger has been a member of the Board since March 2007. Mr. Weidinger previously worked as a vice president at Lehman Brothers' principal investment division, Global Trading Strategies, in London prior to becoming chief executive officer of Hansabay, a Singapore based fund management business. Mr. Weidinger holds a BSc from Cass Business School, City University, London, an MBA from the Stanford Graduate School of Business and an MS in Environment and Resources from Stanford University.

BW Group has the right under the terms of their Investor Rights Agreement to designate two individuals to be nominated to our Board. Mr. Beroutsos is a designee of the BW Group. See "Item 7—Major Shareholders and Related Party Transactions—Related Party Transactions—Investor Rights Agreement."

Executive Officers

The following table provides information about our executive officers. NGT Services (UK) Limited, our wholly-owned subsidiary and commercial manager, provides us with certain of our officers, including our chief financial officer and our chief commercial officer. All references in this annual report to "our officers" refer to our president and chief executive officer and those officers of NGT Services (UK) Limited who perform executive officer functions for our benefit.

Name	Age	Position
David J. Butters	80	Executive Chairman
Dr. Henry Deans	53	Chief Executive Officer
Niall Nolan	57	Chief Financial Officer
Oeyvind Lindeman	42	Chief Commercial Officer
Paul Flaherty	57	Director of Fleet & Technical Operations
Barre Browne	41	Director of Commercial Operations

David J. Butters. David J. Butters relinquished his role as President and Chief Executive Officer to Dr. Deans in August 2019. Mr. Butters has been a member of the Board since September 2008 and continues to serve as Executive Chairman.

Dr. Henry Deans. Dr. Henry Deans was appointed to serve as the Chief Executive Officer of the Company in August 2019. Dr. Deans has been a member of the Board since November 2018.

Niall Nolan. Niall Nolan was appointed Chief Financial Officer of NGT Services (UK) Limited in August 2006. Mr. Nolan was appointed to the Members' Representative Committee of Britannia Steam Ship Insurance Association Limited in November 2017 and became a member on its board in May 2018. Prior to his appointment as Chief Financial Officer, Mr. Nolan worked for Navigator Holdings Ltd. as representative of the creditors committee during Navigator Holdings' bankruptcy proceedings. Prior to that, Mr. Nolan was group finance director of Simon Group PLC, a U.K. public company. Mr. Nolan is a fellow of the Association of Chartered Certified Accountants.

Oeyvind Lindeman. Oeyvind Lindeman was appointed Chartering Manager of the Company in November 2007, before being appointed Chief Commercial Officer in January 2014. Prior to this, Mr. Lindeman was employed for five years at A.P. Møller Maersk, a gas transport company as charterer. Mr. Lindeman holds a BA with honors from the University of Strathclyde and an Executive MBA with distinction from Cass Business School.

Paul Flaherty. Paul Flaherty was appointed Director of Fleet and Technical Operations in December 2014. Prior to this, Mr. Flaherty was employed by JP Morgan Global Maritime as VP, Asset Management. Previously, he spent 17 years with BP Shipping Ltd as a Fleet and Technical Manager for both Oil and Gas vessels. Mr. Flaherty is a Chartered Engineer and a Fellow of the Institute of Marine Engineers & Science Technicians (IMarEST).

Barre Browne. Barre Browne was appointed Director of Commercial Operations in September 2020. Prior to this, Mr. Browne served as Senior Director, Business Improvement and Development for the Nitrogen and Phosphates divisions of Nutrien Ltd. ("Nutrien"), the world's largest fertilizer producer and distributor, from January 2018 to May 2020. From August 2016 to December 2017, Mr. Browne was the Senior Director of Transformation of Agrium Inc., prior to its merger with Potash Corporation of Saskatchewan to form Nutrien. Before joining Agrium, Mr. Browne held a series of operational and commercial leadership positions across multiple businesses within INEOS Group Holdings S.A., a privately owned petrochemical company. Mr. Browne holds a B.A (hons) in Engineering from University College Dublin as well as being a graduate of the BP Engineering program.

B. Compensation

Compensation of Management

Our officers receive compensation for the services they provide to us. Five of our six officers (Dr. Deans and Messrs. Nolan, Lindeman, Flaherty, and Browne) are remunerated in pounds sterling, while Mr. Butters is remunerated in U.S. dollars. For purposes of this annual report, all forms of compensation paid to our officers have been converted to U.S. dollars. For the year ended December 31, 2020, the aggregate cash compensation paid to all officers as a group was $3,116,478. The cash compensation for each officer is comprised of base salary, amounts in lieu of pension contributions and bonus. Our officers are eligible to receive a discretionary annual cash bonus based on certain performance criteria determined by the compensation committee of our Board, or the "Compensation Committee," and approved by our Board. Regardless of performance, the annual cash bonuses are paid at the sole discretion of the Compensation Committee, subject to approval by our Board.

For the year ended December 31, 2020, we granted a total of 31,036 shares of restricted stock to officers of the company under the Navigator Holdings Ltd. 2013 Long-Term Incentive Plan, or the "LTIP" (as described in further detail below under "—2013 Long-Term Incentive Plan"), which vest and usually become free of restrictions on the third anniversary of the grant date.

Dr. Deans and Messrs. Nolan, Lindeman, Flaherty and Browne are eligible to participate in certain welfare benefit programs we offer, including life insurance, permanent health insurance, and private medical insurance. For the year ended December 31, 2020, the cost of these benefits provided to each of Dr. Deans and Messrs. Nolan, Lindeman, Flaherty and Browne was in the aggregate approximately $36,500. While Mr. Butters is not eligible to participate in the same welfare benefit programs as our other officers, he is entitled to reimbursement by us for the Medicare portion of the FICA tax withheld from his compensation. For the year ended December 31, 2020, we paid Mr. Butters an amount of $35,721 towards his Medicare costs. Dr. Deans and Messrs. Nolan, Lindeman, Flaherty and Browne are also eligible to participate in a defined contribution personal pension plan, described below under "—Benefit Plans and Programs."

Compensation of Directors

Officers who also serve as members of our Board do not receive additional compensation for their services as directors. Each non-employee director who serves as a member of our Board receives an annual fee of $120,000, of which $60,000 is paid in cash and $60,000 in shares of restricted stock granted under the LTIP which vest on the first anniversary of the grant date. In addition, the Audit Committee chair and Compensation Committee chair each receive an additional amount of $5,000 per annum while members of each committee receive a meeting fee of $1,500 for each committee meeting attended.

For the year ended December 31, 2020, we granted a total of 37,975 shares of restricted stock pursuant to awards under the LTIP to non-employee directors of the company as part of their compensation, which such awards vest and become free of restrictions on the first anniversary of the grant date.

Each director will be fully indemnified by us for actions associated with being a director to the extent permitted under Marshall Islands law.

Equity Compensation Plans

2013 Long-Term Incentive Plan

In connection with our initial public offering, we adopted the Navigator Holdings Ltd. 2013 Long-Term Incentive Plan, or the "LTIP," for our and our affiliates' employees and directors as well as consultants who perform services for us. The LTIP provides for the award of restricted stock, stock options, performance awards, annual incentive awards, restricted stock units, bonus stock awards, stock appreciation rights, dividend equivalents, and other share-based awards.

Administration. The LTIP is administered by the Compensation Committee, or the "Plan Administrator," with certain decisions subject to approval of our Board. The Plan Administrator will have the authority to, among other things, designate participants under the LTIP, determine the type or types of awards to be granted to a participant, determine the number of shares of our common stock to be covered by awards, determine the terms and conditions applicable to awards and interpret and administer the LTIP. The Plan Administrator may terminate or amend the LTIP at any time with respect to any shares of our common stock for which a grant has not yet been made. The Plan Administrator also has the right to alter or amend the LTIP or any part of the plan from time to time, including increasing the number of shares of our common stock that may be granted, subject to shareholder approval as required by the exchange upon which our common stock is listed at that time. However, no change in any outstanding grant may be made that would materially reduce the benefits of the participant without the consent of the participant.

Number of Shares. Subject to adjustment in the event of any distribution, recapitalization, split, merger, consolidation or similar corporate event, the number of shares available for delivery pursuant to awards granted under the LTIP is 3,000,000 shares. There is no limit on the number of awards that may be granted and paid in cash. Shares subject to an award under the LTIP that are canceled, forfeited, exchanged, settled in cash or otherwise terminated, including withheld to satisfy exercise prices or tax withholding obligations, are available for delivery pursuant to other awards. The shares of our common stock to be delivered under the LTIP will be made available from authorized but unissued shares, shares held in treasury, or previously issued shares reacquired by us, including by purchase on the open market.

Restricted Shares. A restricted share grant is an award of common stock that vests over a period of time and that during such time is subject to forfeiture. The Plan Administrator may determine to make grants of restricted shares under the plan to participants containing such terms as the Plan Administrator shall determine. The Plan Administrator will determine the period over which restricted shares granted to participants will vest. The Plan Administrator, in its discretion, may base its determination upon the achievement of specified financial objectives. Dividends made on restricted shares may or may not be subjected to the same vesting provisions as the restricted shares.

Share Options. A share option is a right to purchase shares at a specified price during specified time periods. The LTIP permits the grant of options covering our common stock. The Plan Administrator may make grants under the plan to participants containing such terms as the Plan Administrator shall determine. Share options will have an exercise price that may not be less than the fair market value of our common stock on the date of grant. Share options granted under the LTIP can be either incentive share options (within the meaning of section 422 of the Code), which have certain tax advantages for recipients, or non-qualified share options. Share options granted will become exercisable over a period determined by the Plan Administrator. No share option will have a term that exceeds ten years. The availability of share options is intended to furnish additional compensation to plan participants and to align their economic interests with those of common shareholders.

Performance Award. A performance award is a right to receive all or part of an award granted under the LTIP based upon performance criteria specified by the Plan Administrator. The Plan Administrator will determine the period over which certain specified company or individual goals, or objectives must be met. The performance award may be paid in cash, shares of our common stock or other awards or property, in the discretion of the Plan Administrator.

Annual Incentive Award. An annual incentive award is a conditional right to receive a cash payment, shares or other award unless otherwise determined by the Plan Administrator, after the end of a specified year. The amount potentially payable will be based upon the achievement of performance goals established by the Plan Administrator.

Restricted Share Unit. A restricted share unit is a notional share that entitles the grantee to receive a share of common stock upon the vesting of the restricted share unit or, in the discretion of the Plan Administrator, cash

equivalent to the value of a share of common stock. The Plan Administrator may determine to make grants of restricted share units under the plan to participants containing such terms as the Plan Administrator shall determine. The Plan Administrator will determine the period over which restricted share units granted to participants will vest.

The Plan Administrator, in its discretion, may grant tandem dividend equivalent rights with respect to restricted share units that entitle the holder to receive cash equal to any cash dividends made on our common stock while the restricted share units are outstanding.

Bonus Shares. The Plan Administrator, in its discretion, may also grant to participants shares of common stock that are not subject to forfeiture. The Plan Administrator can grant bonus shares without requiring that the recipient pay any remuneration for the shares.

Share Appreciation Rights. The LTIP permits the grant of share appreciation rights. A share appreciation right is an award that, upon exercise, entitles participants to receive the excess of the fair market value of our common stock on the exercise date over the grant price established for the share appreciation right on the date of grant. Such excess will be paid in cash or common stock. The Plan Administrator may determine to make grants of share appreciation rights under the plan to participants containing such terms as the Plan Administrator shall determine. Share appreciation rights will have a grant price that may not be less than the fair market value of our common stock on the date of grant. In general, share appreciation rights granted will become exercisable over a period determined by the Plan Administrator.

Other Share-Based Awards. The Plan Administrator, in its discretion, may also grant to participants an award denominated or payable in, referenced to, or otherwise based on or related to the value of our common stock.

Tax Withholding. At our discretion, and subject to conditions that the Plan Administrator may impose, a participant's minimum statutory tax withholding with respect to an award may be satisfied by withholding from any payment related to an award or by the withholding of shares issuable pursuant to the award based on the fair market value of the shares.

Anti-Dilution Adjustments. If any "equity restructuring" event occurs that could result in an additional compensation expense under Financial Accounting Standards Board Accounting Standards Codification Topic 718, or "FASB ASC Topic 718," if adjustments to awards with respect to such event were discretionary, the Plan Administrator will equitably adjust the number and type of shares covered by each outstanding award and the terms and conditions of such award to equitably reflect the restructuring event, and the Plan Administrator will adjust the number and type of shares with respect to which future awards may be granted. With respect to a similar event that would not result in a FASB ASC Topic 718 accounting charge if adjustment to awards were discretionary, the Plan Administrator shall have complete discretion to adjust awards in the manner it deems appropriate. In the event the Plan Administrator makes any adjustment in accordance with the foregoing provisions, a corresponding and proportionate adjustment shall be made with respect to the maximum number of shares available under the LTIP and the kind of shares or other securities available for grant under the LTIP. Furthermore, in the case of (i) a subdivision or consolidation of the common stock (by reclassification, split or reverse split or otherwise), (ii) a recapitalization, reclassification, or other change in our capital structure or (iii) any other reorganization, merger, combination, exchange or other relevant change in capitalization of our equity, then a corresponding and proportionate adjustment shall be made in accordance with the terms of the LTIP, as appropriate, with respect to the maximum number of shares available under the LTIP, the number of shares that may be acquired with respect to an award, and, if applicable, the exercise price of an award, in order to prevent dilution or enlargement of awards as a result of such events.

Change in Control. Upon a "change of control" (as defined in the LTIP), the Plan Administrator may, in its discretion, (i) remove any forfeiture restrictions applicable to an award, (ii) accelerate the time of exercisability or vesting of an award, (iii) require awards to be surrendered in exchange for a cash payment, (iv) cancel

unvested awards without payment or (v) make adjustments to awards as the Plan Administrator deems appropriate to reflect the change of control.

Termination of Employment or Service. The consequences of the termination of a grantee's employment, consulting arrangement, or membership on the board of directors will be determined by the Plan Administrator in the terms of the relevant award agreement.

As described above under "—Compensation of Management" and "—Compensation of Directors," during the year ended December 31, 2020, we granted a total of (i) 31,036 shares of restricted stock under the LTIP to our officers and (ii) 37,975 shares of restricted stock under the LTIP to our non-employee directors. The restricted stock awards granted to our officers vest and become free of restrictions on the third anniversary of the date of grant while the restricted stock awards granted to our non-employee directors vest and become free of restrictions on the first anniversary of the date of grant.

Benefit Plans and Programs

We sponsor a money purchase defined contribution plan, which we refer to as a personal pension plan, for all employees located in the U.K., including Messrs. Nolan, Lindeman, Flaherty and Browne. Each employee is eligible to contribute up to 100% of their annual salary to their personal pension plan and we will match any such contribution up to 15% of the employee's annual salary. For the year ended December 31, 2020, we paid an aggregate of $29,065 in matching contributions to the personal pension plan for Messrs. Nolan, Lindeman, Flaherty and Browne (December 31, 2019: $48,409). For the year ended December 31, 2020, we paid an aggregate of $224,883 in matching contributions to the personal pension plans for all other eligible employees (December 31, 2019: $381,626).

C. Board Practices

While we are not subject to a number of the NYSE's corporate governance standards as a foreign private issuer, we intend to comply voluntarily with a number of those rules. For example, we have a board of directors that is comprised of a majority of independent directors.

Committees of the Board of Directors

We have an audit committee, a compensation committee and a nomination committee comprised entirely of independent directors. In addition, our board of directors may, from time to time, designate one or more additional committees, which shall have the duties and powers granted to it by our board of directors.

Audit Committee

Our audit committee consists of Messrs. Weidinger, Kenwright and Oetker, with Mr. Weidinger as chair. Our board of directors has determined that Messrs. Weidinger, Kenwright and Oetker satisfy the independence standards established by the NYSE and that each qualifies as an "audit committee financial expert," as such term is defined in Regulation S-K promulgated by the SEC. The audit committee is responsible for, among other things, the hiring or termination of independent auditors; approving any non-audit work performed by such auditor; and assisting the board in monitoring the integrity of our financial statements, the independent auditor's qualifications and independence, the performance of the independent auditor and our compliance with legal and regulatory requirements.

Compensation Committee

Our compensation committee consists of Messrs. Kenwright, Oetker, Weidinger and Dr. Fischer, with Mr. Kenwright as chair. The compensation committee is responsible for, among other things, developing and recommending to the board of directors compensation for board members; and overseeing compliance with any applicable compensation reporting requirements of the SEC and the NYSE.

Nominations Committee

Our nominations committee consists of Messrs. Butters, Kenwright and Oetker, with Mr. Kenwright as chair. During 2020, Mr Hal Malone was also a member of the Nominations Committee until his resignation from the board on December 22, 2020. The nominations committee is responsible for, among other things, the selection and recommendation to the board of prospective directors, officers and committee member candidates.

D. Employees

We had 80 employees as of December 31, 2020 compared to 83 employees as of December 31, 2019 and 76 as of December 31, 2018. We consider our employee relations to be good. Our crewing and technical managers provide crews for our vessels under separate crew management agreements.

E. Share Ownership

See "Item 7—Major Shareholders and Related Party Transactions—Major Shareholders."

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our common stock as of May 14, 2021:

- each person known by us to be a beneficial owner of more than 5.0% of our common stock;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

The data set forth below is based on information filed with the SEC and information provided to us prior to May 14, 2021. Except as otherwise indicated, the person or entities listed below have sole voting and investment power with respect to all of our shares of common stock beneficially owned by them, subject to community property laws where applicable.

	Common Stock Beneficially Owned	
Name of Beneficial Owner	**Shares[1]**	**Percent**
BW Group[2]	21,868,857	39.1%
David J. Butters[3]	2,212,670	4.0%
Dr. Henry Deans	15,081	*
Andreas Beroutsos	—	—
Dr. Heiko Fischer[4]	66,366	*
David Kenwright	47,766	*
Alexander Oetker	7,595	*
Florian Weidinger	44,266	*
Barre Browne	—	—
Paul Flaherty	20,998	*
Oeyvind Lindeman	20,349	*
Niall Nolan	133,229	*
All executive officers and directors as a group (11 persons)	2,568,320	4.6%

* Less than 1%.

(1) Unless otherwise indicated, all shares of common stock are owned directly by the named holder and such holder has sole power to vote and dispose of such shares. Unless otherwise noted, the address for each beneficial owner named above is: 650 Madison Avenue, 25th Floor, New York, New York 10022.
(2) Represents 21,868,857 shares of common stock held directly by BW Group. The address of entity and person identified in this note is c/o Inchona Services Limited, Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HMEX, Bermuda.
(3) Includes 150,000 shares of common stock that are owned by the spouse of Mr. Butters, for which he disclaims beneficial ownership.

On December 22, 2020, the WLR Group sold all of their 21,863,874 shares of our common stock, representing an approximate 39.1% ownership interest in us, to the BW Group.

B. Related Party Transactions

From time to time we have entered into agreements and have consummated transactions with certain related parties. We may enter into related party transactions from time to time in the future. In connection with our initial public offering, we established an audit committee upon the closing of our initial public offering in order to, among other things, conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis and to approve all such transactions. See "Item 6—Directors, Senior Management and Employees—Board Practices—Committees of the Board of Directors."

The related party transactions that we were party to between January 1, 2018 and December 31, 2020 are described in Note 21—Related Party Transactions to our consolidated financial statements.

Investment Agreements

On November 10, 2011, we entered into a certain investment agreement with the WL Ross Group. Under the investment agreement, we agreed to issue and sell up to 7,500,000 shares of common stock in the aggregate at $8.33 per share (on a post-split basis). Pursuant to the investment agreement, on December 12, 2011, the WL Ross Group purchased 1,875,000 shares of common stock (on a post-split basis) and, on March 30, 2012, the WLR Ross Group purchased 5,625,000 shares of common stock (on a post-split basis).

On February 15, 2013, we entered into a certain investment agreement with, among others, the WLR Group and David J. Butters. Under the investment agreement, we agreed to issue and sell up to 7,500,000 shares of common stock in the aggregate at $10.00 per share (on a post-split basis). Pursuant to the investment agreement, on February 25, 2013, the WLR Group, Mr. Butters and an unrelated third-party purchased 6,499,998, 500,001 and 500,001 shares of our common stock, respectively (on a post-split basis).

Investor Rights Agreements

On November 5, 2013, we amended and restated our existing investor rights agreement with the WLR Group (the "WLR Group Investor Rights Agreement"). Prior to the completion of the BW Group Sale in December 2020, under the WLR Group Investor Rights Agreement, subject to certain exceptions, the WLR Group had the right to designate two individuals to be nominated to our board of directors, and, if the WLR Group's ownership in us fell below a certain levels, the WLR Group would have been entitled to designate only one individual or no individuals, as applicable. Mr. Hal Malone and Dr. Fischer were designees of the WLR Group prior to the BW Group Sale.

Following the completion of the BW Group Sale on December 22, 2020, pursuant to which the WL Ross Group sold to BW Group all of the shares of our common stock owned by the WL Ross Group, the WLR Group Investor Rights Agreement terminated.

On December 22, 2020, in connection with the BW Group Sale, we entered into an Investor Rights Agreement with BW Group, (the "BW Group Investor Rights Agreement"), which provides BW Group with the right to designate two members of the board of directors of Navigator (provided that BW Group maintains certain ownership levels) and with certain registration rights and informational rights. The BW Group Investor Rights Agreement also provides that, until May 18, 2022 and subject to certain exceptions, BW Group will not acquire common shares that increase its current voting power in the Company. Mr Beroutsos is a designee of the BW Group.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Please see Item "18—Financial Statements" below for additional information required to be disclosed under this item.

Legal Proceedings

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

Dividend Policy

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the near term. We currently intend to retain future earnings, if any, to finance the growth of our business. We may, however, adopt in the future a policy to make cash dividends. Our future dividend policy is within the discretion of our board of directors. Any determination to pay or not pay cash dividends will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory and contractual restrictions on our ability to pay dividends and other factors our board of directors may deem relevant.

B. Significant Changes

The outbreak in early 2020 of the COVID-19 global pandemic has affected most countries in the world by restricting trade, causing closures of companies and ports and limiting the movement of people and goods. It continues to affect the free movement of people and cargoes with the imposition of quarantines and travel restrictions which affect global economic conditions that may impact our business, financial condition and the results of our operations. Although there are numerous national vaccine programs being developed and distributed to the world's population, the full effects of the vaccines and their ability to combat different mutations or strains of the virus are not fully known and therefore the ultimate longevity of the COVID-19 pandemic is uncertain and an estimate of its ultimate likely impact cannot be made with certainty at this time.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our common stock is traded on the New York Stock Exchange "NYSE" under the symbol "NVGS".

B. Plan of distribution

Not applicable.

C. Markets

Our common stock started trading on the NYSE on November 21, 2013.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The information required to be disclosed under this item is incorporated by reference to Exhibit 2.3 filed herein

C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years immediately preceding the date of this annual report, each of which is included in the list of exhibits in "Item 19—Exhibits":

(1) Investor Rights Agreement, dated November 5, 2013, among Navigator Holdings Ltd., WL Ross & Co. LLC and certain of its affiliates named therein. See "Item 7—Major Shareholders and Related Party Transactions—Related Party Transactions—Investor Rights Agreement".

(2) Joint Venture Agreement, dated August 4, 2010, among PT Persona Sentra Utama, PT Mahameru Kencana Abadi, Navigator Gas Invest Limited and PT Navigator Khatulistiwa. On August 4, 2010, PT Persona Sentra Utama, PT Mahameru Kencana Abadi, Navigator Gas Invest Limited and PT Navigator Khatulistiwa, an Indonesian limited liability company, or "PTNK," entered into a Joint Venture Agreement, or the "JV Agreement." Our operations in Indonesia are subject, among other things, to the Indonesian Shipping Act. That law generally provides that in order for certain vessels involved in Indonesian cabotage to obtain the requested licenses, the owners must either be wholly Indonesian owned or have a majority Indonesian shareholding. *Navigator Pluto* and *Navigator Aries*, which are chartered to Pertamina, the Indonesian state-owned producer of hydrocarbons, are owned by PTNK. PTNK is a joint venture of which 49% of the voting and dividend rights are owned by a subsidiary though ultimately controlled at the shareholder level by a subsidiary of Navigator Holdings, and 51% of such rights are owned by Indonesian limited liability companies. The JV Agreement for PTNK provides that certain actions relating to the joint venture or the vessels require the prior written approval of Navigator Holdings' subsidiary, which may be withheld only on reasonable grounds and in good faith. Pursuant to the JV Agreement, PTNK is managed by its board of directors under the supervision, in accordance with Indonesian law, of the board of commissioners. The board of directors is comprised of one director nominee from the Indonesian limited liability companies which collectively own 51% of the share capital of PTNK. The board of commissioners is comprised of one nominee from the Indonesian entities and one nominee from Navigator Gas Invest Limited, a subsidiary of Navigator Holdings.

(3) Supplemental Deed, dated February 13, 2014, among PT Navigator Khatulistiwa, PT Persona Sentra Utama, PT Mahameru Kencana Abadi, Navigator Gas Invest Limited, Falcon Funding Ptd. Ltd. and Navigator Gas L.L.C. On February 13, 2014, PTNK, PT Persona Sentra Utama, PT Mahameru Kencana Abadi, Navigator Gas Invest Limited, Falcon Funding Pte. Ltd and Navigator Gas L.L.C. entered into a Supplemental Deed under which the JV Agreement was amended to include *Navigator Global*, which is currently chartered to Pertamina, along with *Navigator Pluto* and *Navigator Aries*.

(4) $278.1 million Facility Agreement, by and among Navigator Atlas L.L.C, Navigator Europa L.L.C., Navigator Oberon L.L.C., Navigator Triton L.L.C., Navigator Umbrio L.L.C., Navigator Centauri L.L.C., Navigator Ceres L.L.C., Navigator Ceto L.L.C. and Navigator Copernico L.L.C, Navigator Holdings Ltd. and Navigator Gas L.L.C., Credit Agricole Corporate and Investment Bank, HSH Nordbank Ag and NIBC Bank N.V. as the arrangers and Credit Agricole as agent, and a group of financial institutions as lenders, dated as of January 27, 2015. See Item 5 "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—January 2015 Secured Term Loan Facility."

(5) $290.0 million Facility Agreement, by and among Navigator Gas L.L.C., Nordea Bank AB, ABN Amro Bank N.V., Danmarks Skibskredit A/S, National Australia Bank Limited, ING Bank N.V. and Credit Agricole Corporate and Investment Bank as the arrangers and Nordea Bank AB and ABN Amro Bank N.V as agent and a group of financial institutions as lenders, dated as of December 21, 2015. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—December 2015 Revolving Credit Facility."

(6) Bond Agreement between Navigator Holdings Ltd. and Nordic Trustee AS on behalf of the Bondholders in the bond issue of 7.75% Navigator Holdings Ltd. Senior Unsecured Callable Bonds dated February 10, 2017. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—2017 Senior Unsecured Bonds."

(7) Amendment to the Bond Agreement, dated September 30, 2019 by and among Navigator Holdings Ltd. and the Nordic Trustee, relating to Bond agreement between Navigator Holdings Ltd. and Nordic Trustee AS on behalf of the Bondholders in the bond issue of 7.75% Navigator Holdings Ltd. Senior Unsecured Callable Bonds dated February 10, 2017. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—2017 Senior Unsecured Bonds."

(8) $220.0 million Secured Facility Agreement, dated October 28, 2016, by and among Navigator Gas L.L.C. as borrower, Navigator Holdings Ltd., as guarantor, and the lenders named therein. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—October 2016 Secured Term Loan Facility."

(9) $160.8 million Secured Facility Agreement dated June 30, 2017, by and among Navigator Gas L.L.C. as borrower, Navigator Holdings Ltd., as guarantor, and the lenders named therein. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—June 2017 Secured Term Loan Facility."

(10) Bond Terms between Navigator Holdings Ltd., as issuer, and Nordic Trustee AS, as bond trustee and security agent, in the bond issue of NIBOR+6.0% Navigator Holdings Ltd. Senior Secured Callable NOK Bonds dated November 1, 2018. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—2018 Senior Secured Bonds."

(11) $107.0 million Secured Facility Agreement, dated March 25, 2019, by and among Navigator Atlas L.L.C., Navigator Europa L.L.C., Navigator Oberon L.L.C. and Navigator Triton L.L.C. as borrowers, Navigator Gas L.L.C. and Navigator Holdings Ltd. as guarantors, Credit Agricole Corporate and Investment Bank, ING Bank, a branch of ING—DIBA AG and Skandinaviska Enskilda Banken AB (Publ), as arrangers and Credit Agricole Corporate and Investment Bank, as agent. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—March 2019 Secured Term Loan Facility."

(12) $75.0 million Credit Agreement dated March 29, 2019, between Navigator Ethylene Terminals L.L.C. as borrower, and ING Capital L.L.C. and SG Americas Securities L.L.C. as arrangers. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Terminal Facility."

(13) $210.0 million Facility Agreement, by and among Navigator Gas L.L.C. as borrower and Nordea Bank AB, ABN Amro Bank N.V., BNP Paribas S.A., ING Bank N.V., London Branch; National Australia Bank Limited and Credit Agricole Corporate and Investment Bank as lead arrangers and a group of financial institutions as lenders, dated as of September 17, 2020. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—September 2020 Revolving Credit Facility."

(14) Bond Agreement between Navigator Holdings Ltd. and Nordic Trustee AS on behalf of the Bondholders in the bond issue of 8.0% Navigator Holdings Ltd. Senior Unsecured Callable Bonds dated September 9, 2020. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Secured Term Loan Facilities and Revolving Credit Facilities and Facility Limits—2020 Senior Unsecured Bonds."

(15) Investor Rights Agreement, dated December 22, 2020, among Navigator Holdings Ltd. and BW Group. See "Item 7—Major Shareholders and Related Party Transactions—Related Party Transactions—Investor Rights Agreement".

D. Exchange Controls

We are not aware of any governmental laws, decrees or regulations, including foreign exchange controls, in the Republic of the Marshall Islands that restrict the export or import of capital, or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities.

We are not aware of any limitations on the right of non-resident or foreign owners to hold or vote our securities imposed by the laws of the Republic of the Marshall Islands or our operating agreement.

E. Taxation

Material U.S. Federal Income Tax Consequences

The following is a discussion of the material U.S. federal income tax considerations that may be relevant to our shareholders. This discussion is based upon provisions of the Code, Treasury Regulations, and administrative rulings and court decisions, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences of holding our common stock to vary substantially from the consequences described below. Unless the context otherwise requires, references in this section to "we," "our" or "us" are references to Navigator Holdings Ltd.

The following discussion applies only to beneficial owners of our common stock that own shares of common stock as "capital assets" within the meaning of Section 1221 of the Code (i.e., generally for investment purposes) and is not intended to be applicable to all categories of investors, such as shareholders subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers, tax-exempt organizations, retirement plans or individual retirement accounts, or former citizens or long-term residents of the United States), to United States persons (within the meaning of the Code) that own, actually or constructively, 10.0% or more of our stock, to persons that hold the shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes, to partnerships or their partners, or to persons that have a functional currency other than the U.S. Dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of its partners generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock, we encourage you to consult your own tax advisor regarding the tax consequences to you of the partnership's ownership of our common stock.

No ruling has been or will be requested from the IRS regarding any matter affecting us or our shareholders. The statements made herein may be challenged by the IRS and, if so challenged, may not be sustained upon review in a court.

This discussion does not contain information regarding any U.S. state or local, estate, gift or alternative minimum tax considerations concerning the ownership or disposition of our common stock. This discussion does not comment on all aspects of U.S. federal income taxation that may be important to particular shareholders in light of their individual circumstances, and each prospective shareholder is urged to consult its own tax advisor regarding the U.S. federal, state, local, and other tax consequences of the ownership or disposition of our common stock.

Status as a Corporation

We are treated as a corporation for U.S. federal income tax purposes. As a result, U.S. Holders (as defined below) will not be directly subject to U.S. federal income tax on our income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of shares as described below.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of our common stock that is:

- an individual U.S. citizen or resident (as determined for U.S. federal income tax purposes);
- a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) organized under the laws of the United States or its political subdivisions;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

Distributions

Subject to the discussion below of the rules applicable to PFICs, any distributions to a U.S. Holder made by us with respect to our common stock generally will constitute dividends to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in its common stock and thereafter as capital gain. U.S. Holders that are corporations generally will not be entitled to claim a dividend received deduction with respect to distributions they receive from us. Dividends received with respect to our common stock generally will be treated as "passive category income" for purposes of computing allowable foreign tax credits for U.S. federal income tax purposes.

Dividends received with respect to our common stock by a U.S. Holder that is an individual, trust or estate, or a "U.S. Individual Holder," generally will be treated as "qualified dividend income," which is taxable to such U.S. Individual Holder at preferential tax rates provided that: (i) our common stock is readily tradable on an established securities market in the United States (such as the New York Stock Exchange on which our common stock is listed); (ii) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be, as discussed below under "PFIC Status and Significant Tax Consequences"); (iii) the U.S. Individual Holder has owned the common stock for more than 60 days during the 121-day period beginning 60 days before the date on which the common stock become ex-dividend (and has not entered into certain risk limiting transactions with respect to such common stock); and (iv) the U.S. Individual Holder is not under an obligation to make related payments with respect to

positions in substantially similar or related property. Because of the uncertainty of these matters, including whether we are or will be a PFIC, there is no assurance that any dividends paid on our common stock will be eligible for these preferential rates in the hands of a U.S. Individual Holder, and any dividends paid on our common stock that are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder.

Special rules may apply to any amounts received in respect of our common stock that are treated as "extraordinary dividends." In general, an extraordinary dividend is a dividend with respect to a share of our common stock that is equal to or in excess of 10.0% of a shareholder's adjusted tax basis (or fair market value upon the shareholder's election) in such share. In addition, extraordinary dividends include dividends received within a one-year period that, in the aggregate, equal or exceed 20.0% of a shareholder's adjusted tax basis (or fair market value). If we pay an "extraordinary dividend" on shares of our common stock that is treated as "qualified dividend income," then any loss recognized by a U.S. Individual Holder from the sale or exchange of such shares will be treated as long-term capital loss to the extent of the amount of such dividend.

Sale, Exchange or other Disposition of Common Stock

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of shares of our common stock in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in such shares. The U.S. Holder's initial tax basis in its common stock generally will be the U.S. Holder's purchase price for the shares of common stock and that tax basis will be reduced (but not below zero) by the amount of any distributions on the shares that are treated as non-taxable returns of capital (as discussed above under "—Distributions"). Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Certain U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. A U.S. Holder's ability to deduct capital losses is subject to limitations. Such capital gain or loss generally will be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes.

PFIC Status and Significant Tax Consequences

Adverse U.S. federal income tax rules apply to a U.S. Holder that owns an equity interest in a non-U.S. corporation that is classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which the holder held our common stock, either:

- at least 75.0% of our gross income (including the gross income of our vessel-owning subsidiaries) for such taxable year consists of passive income (e.g., dividends, interest, capital gains from the sale or exchange of investment property and rents derived other than in the active conduct of a rental business), or
- at least 50.0% of the average value of the assets held by us (including the assets of our vessel-owning subsidiaries) during such taxable year produce, or are held for the production of, passive income.

Income earned or treated as earned (for U.S. federal income tax purposes) by us in connection with the performance of services should not constitute passive income for PFIC purposes. By contrast, rental income generally would constitute passive income unless we were treated as deriving our rental income in the active conduct of a trade or business under the applicable rules.

Based on our current and projected method of operation we believe that we were not a PFIC for any taxable year, and we expect that we will not be treated as a PFIC for the current or any future taxable year. We believe that more than 25.0% of our gross income for each taxable year was or will be non-passive income, and more than 50.0% of the average value of our assets for each such year was or will be held for the production of such non-passive income. This belief is based on certain valuations and projections regarding our assets, income and

charters, and its validity is conditioned on the accuracy of such valuations and projections. While we believe such valuations and projections to be accurate, the shipping market is volatile and no assurance can be given that our assumptions and conclusions will continue to be accurate at any time in the future.

Moreover, there are legal uncertainties involved in determining whether the income derived from our time-chartering activities constitutes rental income or income derived from the performance of services. In *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir. 2009), the Fifth Circuit held that income derived from certain time-chartering activities should be treated as rental income rather than services income for purposes of a provision of the Code relating to foreign sales corporations. In that case, the Fifth Circuit did not address the definition of passive income or the PFIC rules; however, the reasoning of the case could have implications as to how the income from a time charter would be classified under such rules. If the reasoning of the case were extended to the PFIC context, the gross income we derive from our time-chartering activities may be treated as rental income, and we would likely be treated as a PFIC. In published guidance, the IRS stated that it disagreed with the holding in *Tidewate*r and specified that time charters similar to those at issue in this case should be treated as service contracts.

Distinguishing between arrangements treated as generating rental income and those treated as generating services income involves weighing and balancing competing factual considerations, and there is no legal authority under the PFIC rules addressing our specific method of operation. Conclusions in this area therefore remain matters of interpretation. We are not seeking a ruling from the IRS on the treatment of income generated by our time-chartering operations. It is possible that the IRS or a court could disagree with our position. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure shareholders that the nature of our operations will not change in the future, notwithstanding our present expectations, and that we will not become a PFIC in any future taxable year.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year (and regardless of whether we remain a PFIC for subsequent taxable years), a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which we refer to as a "QEF election." As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common stock, as discussed below. If we are a PFIC, a U.S. Holder will be subject to the PFIC rules described herein with respect to any of our subsidiaries that are PFICs. However, the mark-to-market election discussed below likely will not be available with respect to shares of a PFIC subsidiary. In addition, if a U.S. Holder owns our common stock during any taxable year that we are a PFIC, such holder must file an annual report with the IRS.

Taxation of U.S. Holders Making a Timely QEF Election

A U.S. Holder that makes a timely QEF election, or an "Electing Holder," must report for U.S. federal income tax purposes their pro rata share of our ordinary earnings and net capital gain, if any, for our taxable years that end with or within their taxable year, regardless of whether or not the Electing Holder received distributions from us in that year. The Electing Holder's adjusted tax basis in its shares of our common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that were previously taxed will result in a corresponding reduction in the Electing Holder's adjusted tax basis in its shares of common stock and will not be taxed again once distributed. An Electing Holder generally will recognize capital gain or loss on the sale, exchange or other disposition of our common stock. A U.S. Holder makes a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with their U.S. federal income tax return. If, contrary to our expectations, we determine that we are treated as a PFIC for any taxable year, we will provide each U.S. Holder with the information necessary to make the QEF election described above. Although the QEF election is available with respect to subsidiaries, in the event we acquire or own a subsidiary in the future that is treated as a PFIC, no assurances can be made that we will be able to provide U.S. Holders with the necessary information to make the QEF election with respect to such subsidiary.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

If we were to be treated as a PFIC for any taxable year and, as we anticipate, our common stock was treated as "marketable stock," then, as an alternative to making a QEF election, a U.S. Holder would be allowed to make a mark-to-market election with respect to our common stock, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the U.S. Holder's shares of common stock at the end of the taxable year over the holder's adjusted tax basis in its shares of common stock. The U.S. Holder also would be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in its shares over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in its shares of common stock would be adjusted to reflect any such income or loss recognized. Gain recognized on the sale, exchange or other disposition of our common stock would be treated as ordinary income, and any loss recognized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder. Because the mark-to-market election only applies to marketable stock, it would not apply to a U.S. Holder's indirect interest in any of our subsidiaries that were determined to be PFICs.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, or a "Non-Electing Holder," would be subject to special rules resulting in increased liability with respect to (i) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125.0% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the shares), and (ii) any gain realized on the sale, exchange or other disposition of the shares. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any taxable year prior to the taxable year we were first treated as a PFIC with respect to the Non-Electing Holder would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayers for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such year.

These penalties would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of our common stock. If we were treated as a PFIC for any taxable year and a Non-Electing Holder who is an individual, dies while owning our common stock, such holder's successor generally would not receive a step-up in tax basis with respect to the common stock.

Medicare Tax on Net Investment Income

Certain U.S. Holders, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax on, among other things, dividends and capital gains from the sale or other disposition of equity interests. For individuals, the additional Medicare tax applies to the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" over $200,000 ($250,000 if married and filing jointly or $125,000 if married and filing separately). "Net investment income" generally equals the taxpayer's gross investment income reduced by deductions that are allocable to such income. Shareholders should consult their tax advisors regarding the implications of the additional Medicare tax resulting from their ownership and disposition of our common stock.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our common stock (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is referred to as a Non-U.S. Holder. If you are a partner in a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holding our common stock, you should consult your own tax advisor regarding the tax consequences to you of the partnership's ownership of our common stock.

Distributions

Distributions we pay to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, our distributions will be subject to U.S. federal income tax to the extent they constitute income effectively connected with the Non-U.S. Holder's U.S. trade or business. However, distributions paid to a Non-U.S. Holder that is engaged in a U.S. trade or business may be exempt from taxation under an income tax treaty if the income arising from the distribution is not attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder.

Disposition of Shares

In general, a Non-U.S. Holder is not subject to U.S. federal income tax or withholding tax on any gain resulting from the disposition of our common stock provided the Non-U.S. Holder is not engaged in a U.S. trade or business. A Non-U.S. Holder that is engaged in a U.S. trade or business will be subject to U.S. federal income tax in the event the gain from the disposition of shares is effectively connected with the conduct of such U.S. trade or business (provided, in the case of a Non-U.S. Holder entitled to the benefits of an income tax treaty with the United States, such gain also is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder). However, even if not engaged in a U.S. trade or business, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our common stock if they are present in the United States for 183 days or more during the taxable year in which those shares are disposed and meet certain other requirements.

Backup Withholding and Information Reporting

In general, payments to a non-corporate U.S. Holder of distributions or the proceeds of a disposition of common stock will be subject to information reporting. These payments to a non-corporate U.S. Holder also may be subject to backup withholding if the non-corporate U.S. Holder:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that he has failed to report all interest or corporate distributions required to be reported on their U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8BEN-E, W-8ECI, W-8EXP or W-8IMY, as applicable.

Backup withholding is not an additional tax. Rather, a shareholder generally may obtain a credit for any amount withheld against its liability for U.S. federal income tax (and obtain a refund of any amounts withheld in excess of such liability) by timely filing a U.S. federal income tax return with the IRS.

In addition, individual citizens or residents of the United States holding certain "foreign financial assets" (which generally includes stock and other securities issued by a foreign person unless held in an account maintained by

certain financial institutions) that exceed certain thresholds (the lowest being holding foreign financial assets with an aggregate value in excess of: (1) $50,000 on the last day of the tax year or (2) $75,000 at any time during the tax year) are required to report information relating to such assets. Significant penalties may apply for failure to satisfy the reporting obligations described above. Our shareholders should consult their tax advisors regarding their reporting obligations, if any, that would result from their purchase, ownership or disposition of our common stock.

Non-U.S. Tax Considerations

Republic of the Marshall Islands Tax Consequences

The following is applicable to persons who do not reside in, maintain offices in or engage in business in the Republic of the Marshall Islands.

Because we and our subsidiaries do not and do not expect to conduct business or operations in the Republic of the Marshall Islands, under current Republic of the Marshall Islands law you will not be subject to Republic of the Marshall Islands taxation or withholding on distributions we make to you as a shareholder. In addition, you will not be subject to Republic of the Marshall Islands stamp, capital gains or other taxes on the purchase, ownership or disposition of common stock, and you will not be required by the Republic of the Marshall Islands to file a tax return relating to your ownership of common stock.

EACH SHAREHOLDER IS URGED TO CONSULT THEIR OWN TAX COUNSEL OR OTHER ADVISOR WITH REGARD TO THE LEGAL AND TAX CONSEQUENCES OF SHARE OWNERSHIP IN THEIR PARTICULAR CIRCUMSTANCES. FURTHER, IT IS THE RESPONSIBILITY OF EACH SHAREHOLDER TO FILE ALL STATE, LOCAL AND NON-U.S., AS WELL AS U.S. FEDERAL INCOME TAX RETURNS, WHICH THE SHAREHOLDER IS REQUIRED TO FILE.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Documents concerning us that are referred to herein may be inspected at our principal executive offices at 10 Bressenden Place, London, SW1E 5DH, United Kingdom, and may also be obtained from our website on the Internet at *www.navigatorgas.com*. Those documents electronically filed via the SEC's Electronic Data Gathering, Analysis, and Retrieval (or EDGAR) system may be obtained from the SEC's website on the Internet at *http://www.sec.gov*.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

Historically, we have been subject to limited market risks relating to changes in interest rates because we did not have significant amounts of floating rate debt outstanding. Navigator Gas L.L.C., our wholly-owned subsidiary, and certain of our vessel-owning subsidiaries are parties to secured term loan and revolving credit facilities that bear interest at an interest rate of U.S. LIBOR plus 185 to 270 basis points. A variation in U.S. LIBOR of 100 basis points would result in a variation of $6.9 million in annual interest paid on our indebtedness outstanding as of December 31, 2020, under the secured term loan and revolving credit facilities.

On July 2, 2020, we entered into floating-to-fixed interest rate swap agreements with ING Capital Markets LLC ("ING") and Societe Generale ("SocGen"). Under these agreements, the notional amounts of the swaps are 80% of the amounts drawn under the Terminal Facility. The interest rate receivable by the Company under these interest rate swap agreements is 3-month LIBOR, calculated on a 360-day year basis, which resets every three months in line with the dates of interest payments on the Terminal Facility. The interest rate payable by the Company under these interest rate swap agreements is 0.369% and 0.3615% per annum to ING and SocGen respectively, calculated on a 360-day year basis.

On September 10, 2020, we issued senior unsecured bonds in an aggregate principal amount of $100.0 million with interest payable at a fixed rate of 8.0% per annum, calculated on a 360-day year basis.

Foreign Currency Exchange Rate Risk

Our primary economic environment is the international shipping market. This market utilizes the U.S. Dollar as its functional currency. Consequently, virtually all of our revenues are in U.S. Dollars. Our expenses, however, are in the currency invoiced by each supplier, and we remit funds in the various currencies invoiced. We incur some vessel operating expenses and general and administrative costs in foreign currencies. During the fiscal years ended December 31, 2019 and 2020, approximately $24.3 million, or 18.4%, and $23.7 million, or 17.8%, respectively, of vessel operating costs and general and administrative costs were denominated in non-U.S. Dollar currency, principally the British Pound Sterling and the Euro. A hypothetical 10% decrease in the value of the U.S. Dollar relative to the values of the British Pound Sterling; the Euro and the Polish Zloty realized during the year ended December 31, 2019 would have increased our vessel operating costs during the fiscal year ended December 31, 2020, by approximately $0.9 million, and our general and administrative costs by $1.5 million (a hypothetical 10% decrease realized during the year ended December 31, 2018 would have increased our vessel operating costs during the fiscal year ended December 31, 2019 by approximately $1.0 million, and our general and administrative costs by $1.4 million).

On November 2, 2018, we issued senior secured bonds in an aggregate amount of NOK 600 million. Please read "2018 Senior Secured Bonds". We have entered into a cross currency interest rate swap to mitigate the risk of currency movements for both interest payments during the five-year tenor of these bonds and for principal repayments at maturity in November 2023. However, if the Norwegian Kroner depreciates relative to the U.S. Dollar beyond a certain threshold, we are required to place cash collateral with our swap providers for the forecast future liability on the cross-currency interest rate swap. In the event the depreciation of the Norwegian Kroner relative to the U.S. Dollar is significant, the cash collateral requirements could adversely affect our liquidity and financial position. Please read Note 19—Derivative Instruments to our consolidated financial statements.

Inflation

Certain of our operating expenses, including crewing, insurance and drydocking costs, are subject to fluctuations as a result of market forces. Increases in bunker costs could have a material effect on our future operations if the number and duration of our voyage charters or COAs increases. In the case of the 38 vessels owned as of December 31, 2020, 19 were employed on time charter and as such it is the charterers who pay for the fuel on

those vessels. If our vessels are employed under voyage charters or COAs, freight rates are generally sensitive to the price of fuel. However, a sharp rise in bunker prices may have a temporary negative effect on our results since freight rates generally adjust only after prices settle at a higher level.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Neither Navigator Holdings nor any of its subsidiaries have been subject to a material default in the payment of principal, interest, a sinking fund or purchase fund installment or any other material delinquency that was not cured within 30 days.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

Our Principal Executive Officer and our Principal Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of December 31, 2020, have concluded that, as of such date, our disclosure controls and procedures were not effective (see below).

Management's Report on Internal Control over Financial Reporting

In accordance with Rule 13a-15(f) of the Securities Exchange Act of 1934, our management, including our principal executive officer and principal financial officer, is responsible for the establishment and maintenance of adequate internal controls over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements**.**

Management previously reported, in our 2019 Annual Report, three material weaknesses in our internal control over financial reporting related to the design and operation of our controls in the following areas:

- a lack of sufficient effective controls over prospective financial information used in the Company's going concern assessment;
- a lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in the application of U.S. GAAP and SEC financial reporting requirements; and
- manage access and manage change for IT systems at one of the Company's third party technical managers.

A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management has performed an assessment of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2020 based on the provisions of Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Remediation of Material Weaknesses

We have taken steps to remedy the above deficiencies. We have further enhanced our internal control over financial reporting relating to the preparation of prospective financial information and assessment of going concern, and we have engaged with our third party technical manager to remediate the control deficiencies related to manage access and manage change for IT systems and designed compensating controls where these were not sufficiently or fully remedied. These two material weaknesses are now considered remediated. However notwithstanding implementing enhanced controls over preparing technical papers in support of determining the appropriate accounting treatments for certain new or non-routine transactions or issues arising and related disclosures, including the recruitment of additional staff and the engagement of third-party specialists, our management has determined that the control deficiency related to having sufficient accounting and financial reporting personnel with requisite knowledge and experience in the application of U.S. GAAP and SEC financial reporting requirements has not been remediated and does constitute a material weakness and therefore management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2020. We will implement further enhancements in identifying and preparing technical papers in support of determining the appropriate accounting treatments for certain non-routine transactions and new accounting issues and related disclosures, including the recruitment of appropriately qualified staff and the engagement of third-party professional advisors.

The Company's internal control over financial reporting, as of December 31, 2020, has been audited by Ernst & Young LLP ("EY"), an independent registered public accounting firm, who also audited the Company's consolidated financial statements for that year. Their audit report on the effectiveness of internal control over financial reporting is presented in "Item 18 Financial Statements".

Changes in Internal Control over Financial Reporting

Other than the changes noted above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Messrs. Weidinger, Kenwright and Oetker satisfy the independence standards established by the NYSE and that each qualifies as an "audit committee financial expert," as such term is defined in Regulation S-K promulgated by the SEC.

Item 16B. Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all entities controlled by the Company and its employees, directors, officers and agents of the Company. We will provide any person, free of charge, a copy of our Code of Business Conduct and Ethics upon written request to our registered office.

Item 16C. Principal Accountant Fees and Services

Our principal accountant for 2019 and 2020 was EY. Our principal accountant for 2018 was KPMG.

Audit Fees

Audit fees incurred in 2020 include $989,130 relating to aggregate fees billed for professional services rendered by the principal accountants for the audit of the Company and its subsidiaries' annual financial statements and the Company's quarterly reviews and an additional $518,000 relating to the audit of the Company in 2019. Audit fees billed for professional services rendered by the principal accountants for the audit of the Company and its subsidiaries' annual financial statements and quarterly reviews included in 2019 was $411,089.

Audit-Related Fees

There were no audit related fees incurred in 2019 and 2020.

Tax Fees

Tax fees incurred include $17,840 in 2020 and $14,144 in 2019 relating to general tax compliance services provided by the principal accountant.

All Other Fees

There were no fees incurred by the Company for EY's services relating to other fees in 2019 and 2020.

The audit committee has the authority to pre-approve permissible audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees. Engagements for proposed services either may be separately pre-approved by the audit committee or entered into pursuant to detailed pre-approval policies and procedures established by the audit committee, as long as the audit committee is informed on a timely basis of any engagement entered into on that basis. The audit committee separately pre-approved all engagements and fees paid to our principal accountant for all periods in 2019 and 2020.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Overview

While we are not subject to a number of the NYSE's corporate governance standards as a foreign private issuer, we intend to comply voluntarily with a number of those rules. For example, we have a board of directors that is comprised of a majority of independent directors. However, pursuant to Section 303.A.11 of the NYSE Listed Company Manual, we are required to state any significant differences between our corporate governance practices and the practices required by the NYSE for U.S. companies. The significant differences between our corporate governance practices and the NYSE standards applicable to listed U.S. companies are set forth below.

Nominating/Corporate Governance Committee

The NYSE requires that a listed U.S. company have a nominating/corporate governance committee composed entirely of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee. While we are not required under Marshall Islands law and our bylaws to have a nominating/corporate governance committee, we have a nominations committee. However, we do not publish our nominations committee charter on our website, as is required under the NYSE standards applicable to listed U.S. companies, nor do we have a corporate governance committee.

Corporate Governance Guidelines

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

We believe that our established corporate governance practices satisfy the NYSE listing standards.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

See “Item 18-Financial Statements.”.

Item 18. Financial Statements

The following financial statements listed below and set forth on pages F-7 through F-46, together with the related reports of Ernst & Young LLP and KPMG LLP, Independent Registered Public Accounting Firms thereon, are filed as part of this annual report:

Item 19. Exhibits

The following exhibits are filed as part of this annual report:

Exhibit Number	Description
1.1	Amended and Restated Articles of Incorporation of Navigator Holdings Ltd. (incorporated by reference to Exhibit 3.1 to the registrant’s Registration Statement on Form F-1 (File No. 333-191784), filed on November 6, 2013).
1.2	Second Amended and Restated Bylaws of Navigator Holdings Ltd. (incorporated by reference to Exhibit 3.2 to the registrant’s Registration Statement on Form F-1 (File No. 333-191784), filed on November 4, 2013).
2.1	Investment Agreement, dated February 15, 2013, among Navigator Holdings Ltd., WL Ross & Co. LLC and certain of its affiliates and unrelated third-party investors named therein (incorporated by reference to Exhibit 4.2 to the registrant’s Registration Statement on Form F-1 (File No. 333-191784), filed on November 4, 2013).
2.2	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.5 to the registrant’s Registration Statement on Form F-1 (File No. 333-191784), filed on November 15, 2013).
2.3*	A description of the rights of each class of securities that is registered under Section 12 of the Exchange Act as of December 31, 2020.
2.4	Investor Rights Agreement, dated December 22, 2020 among Navigator Holdings Ltd. and BW Group Limited (incorporated by reference to Exhibit 4.1 to the registrant’s Report on Form 6-K (File No. 001-36202), filed on December 28, 2020).
4.1	Navigator Holdings Ltd. 2013 Long-Term Incentive Plan, effective as of October 22, 2013 (incorporated by reference to Exhibit 10.1 to the registrant’s Registration Statement on Form F-1 (File No. 333-191784), filed on November 6, 2013).

Exhibit Number	Description
4.2	$278.1 million Secured Facility Agreement, dated January 27, 2015, by and among Navigator Atlas L.L.C., Navigator Europa L.L.C., Navigator Oberon L.L.C., Navigator Triton L.L.C., Navigator Umbrio L.L.C., Navigator Centauri L.L.C., Navigator Ceres L.L.C., Navigator Ceto L.L.C. and Navigator Copernico L.L.C., as borrowers, Navigator Holdings Ltd., Navigator Gas L.L.C and Credit Agricole Corporate and Investment Bank, HSH Nordbank AG and NIBC Bank N.V., as arrangers and Credit Agricole Corporate and Investment Bank, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the registrant's Report on Form 6-K (File No. 001-36202), filed on February 4, 2015).
4.3	$220.0 million Secured Facility Agreement, dated October 28, 2016, by and among Navigator Gas L.L.C. as borrower, Navigator Holdings Ltd., as guarantor, and the lenders named therein (incorporated by reference to Exhibit 10.1 to the registrant's Report on Form 6-K (File No. 001-36202), filed on October 31, 2016).
4.4	Joint Venture Agreement, dated August 4, 2010, among PT Persona Sentra Utama, PT Mahameru Kencana Abadi, Navigator Gas Invest Limited and PT Navigator Khatulistiwa (incorporated by reference to Exhibit 10.8 to the registrant's Registration Statement on Form F-1 (File No. 333-191784), filed on November 4, 2013).
4.5	Supplemental Deed, dated February 13, 2014, among PT Navigator Khatulistiwa, PT Persona Sentra Utama, PT Mahameru Kencana Abadi, Navigator Gas Invest Limited, Falcon Funding Ptd. Ltd. and Navigator Gas L.L.C. (incorporated by reference to Exhibit 4.9 to the registrant's Annual Report on Form 20-F (File No. 001-36202), filed on March 17, 2014).
4.6	Bond Terms between Navigator Holdings Ltd., as issuer, and Nordic Trustee AS, as bond trustee and security agent, in the bond issue of NIBOR+6.0% Navigator Holdings Ltd. Senior Secured Callable NOK Bonds dated November 1, 2018 (incorporated by reference to Exhibit 4.1 to the registrant's Report on Form 6-K (File No. 001-36202), filed on November 13, 2018).
4.7	$160.8 million Secured Facility Agreement, dated June 30, 2017, by and among Navigator Gas L.L.C. as borrower, Navigator Holdings Ltd., as guarantor, and the lenders named therein (incorporated by reference to Exhibit 10.1 to the registrant's Report on Form 6-K (File No. 001-36202), filed on July 6, 2017).
4.8	$107.0 million Secured Facility Agreement, dated March 25, 2019, by and among Navigator Atlas L.L.C., Navigator Europa L.L.C., Navigator Oberon L.L.C. and Navigator Triton L.L.C. as borrowers, Navigator Gas L.L.C. and Navigator Holdings Ltd. as guarantors, Credit Agricole Corporate and Investment Bank, ING Bank, a branch of ING—DIBA AG, and Skandinaviska Enskilda Banken AB (Publ), as arrangers and Credit Agricole Corporate and Investment Bank, as agent (incorporated by reference to Exhibit 4.14 to the registrant's Annual Report on Form 20-F (File No. 001-36202), filed on April 1, 2019).
4.9	$75.0 million Credit Agreement dated March 29, 2019, between Navigator Ethylene Terminals L.L.C. as borrower, and ING Capital L.L.C. and SG Americas Securities L.L.C. as arrangers (incorporated by reference to Exhibit 4.15 to the registrant's Annual Report on Form 20-F (File No. 001-36202), filed on April 1, 2019).
4.10*	$210.0 million Facility Agreement, by and among Navigator Gas L.L.C. as borrower and Nordea Bank AB, ABN Amro Bank N.V., BNP Paribas S.A., ING Bank N.V., London Branch; National Australia Bank Limited and Credit Agricole Corporate and Investment Bank as lead arrangers and a group of financial institutions as lenders, dated as of September 17, 2020.
4.11	Bond Terms between Navigator Holdings Ltd., as issuer, and Nordic Trustee AS, as bond trustee and security agent, in the bond issue of 8.0% Navigator Holdings Ltd. Senior Unsecured Callable Bonds dated September 10, 2020 (incorporated by reference to Exhibit 4.1 to the registrant's Report on Form 6-K (File No. 001-36202), filed on October 21, 2020).

Exhibit Number	Description
8.1*	List of Subsidiaries of Navigator Holdings Ltd.
12.1*	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
12.2*	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
13.1*	Certification under Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer.
13.2*	Certification under Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer.
15.1*	Consent of Independent Registered Public Accounting Firm, EY LLP
15.2*	Consent of Independent Registered Public Accounting Firm, KPMG LLP
15.3*	Consent of Independent Registered Public Accounting Firm, DELOITTE & TOUCHE LLP
101. INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101. SCH*	Inline XBRL Taxonomy Extension Schema
101. CAL*	Inline XBRL Taxonomy Extension Schema Calculation Linkbase
101. DEF*	Inline XBRL Taxonomy Extension Schema Definition Linkbase
101. LAB*	Inline XBRL Taxonomy Extension Schema Label Linkbase
101. PRE*	Inline XBRL Taxonomy Extension Schema Presentation Linkbase
104*	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

NAVIGATOR HOLDINGS LTD.

Date: May 17, 2021

By: /s/ Niall Nolan
Name: Niall Nolan
Title: Chief Financial Officer (Principal Financial Officer)

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Navigator Holdings Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Navigator Holdings Ltd (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion based on our audits and the report of other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We did not audit the financial statements of Enterprise Navigator Ethylene Terminal L.L.C, a corporation in which the Company has a 50% interest, as of December 31, 2020 and for the year then ended. In the consolidated financial statements, the Company's investment in Enterprise Navigator Ethylene Terminal L.L.C is stated at $148,665 thousand as of December 31, 2020, and the Company's equity in the net income of Enterprise Navigator Ethylene Terminal L.L.C is stated at $651 thousand in 2020. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Enterprise Navigator Ethylene Terminal L.L.C, is based solely on the report of the other auditors.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 17, 2021 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our

opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Impairment of vessels

Description of the matter:
At December 31, 2020, the carrying value of the Company's vessels, including capitalized drydocking costs was $1,545,688 thousand. As discussed in Note 2(d) to the consolidated financial statements, the Company evaluates its vessels for impairment whenever events or changes in circumstances indicate that the carrying value of a vessel might exceed its fair value in accordance with the guidance in ASC 360 – Property, Plant and Equipment. If indicators of impairment exist, management analyzes the future undiscounted net operating cash flows expected to be generated throughout the remaining useful life of each vessel and compares it to the carrying value. Where the vessel's carrying value exceeds the undiscounted net operating cash flows, management will recognize an impairment loss equal to the excess of the carrying value over the fair value of the vessel.

Auditing management's impairment assessment was complex given the judgement and estimation uncertainty involved in determining the assumption of the future charter rates for non-contracted revenue days, when forecasting net operating cash flows. These rates are particularly subjective as they involve the development and use of assumptions regarding future demand for the petrochemical and liquified petroleum gas ("LPG") shipping market through the end of the useful lives of the vessels. These rates are forward looking and subject to inherent unpredictability as they are driven by future global economic growth and market conditions within the petrochemical and LPG shipping market.

How we addressed the matter in our audit:
We obtained an understanding of the Company's impairment process, evaluated the design, and tested the operating effectiveness of the controls over the Company's determination of future charter rates for non-contracted revenue days.

We analyzed management's impairment assessment by comparing the methodology used to evaluate impairment of each vessel against the accounting guidance in ASC 360. To test management's undiscounted net operating cash flow forecasts, our procedures included, among others, comparing the future charter rates used by management for non-contracted revenue days, with historical and forecasted market data for the petrochemical and LPG shipping market obtained from external analysts, historical earnings rates data for vessels, and information related to recent global economic forecasts. In addition, we performed sensitivity analyses to assess the impact of changes to future charter rates for non-contracted revenue days in the determination of the net operating cash flows. We also evaluated whether these assumptions were consistent with evidence obtained in other areas of the audit. We assessed the adequacy of the Company's disclosure in Note 2(d) to the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

London, United Kingdom
May 17, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Navigator Holdings Ltd.

Opinion on Internal Control Over Financial Reporting

We have audited Navigator Holdings Ltd.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Navigator Holdings Ltd. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: a lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in the application of U.S. GAAP and SEC financial reporting requirements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2020 and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated May 17, 2021, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting

includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

London, United Kingdom
May 17, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Navigator Holdings Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows of Navigator Holdings Ltd. and subsidiaries (the Company) for the year ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations of the Company and its cash flows for the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 2012 to 2018.

London, United Kingdom
April 1, 2019

Report of Independent Registered Public Accounting Firm

To the Managing Member of Enterprise Navigator Ethylene Terminal LLC

Opinion on the Financial Statements

We have audited the balance sheet of Enterprise Navigator Ethylene Terminal LLC (the "Company") as of December 31, 2020, the related statements of operations, cash flows, and members' equity, for the year ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the Managing Member and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 12, 2021

We have served as the Company's auditor since 2018.

Navigator Holdings Ltd.
Consolidated Balance Sheets

	December 31, 2019	December 31, 2020
	(in thousands, except share data)	
Assets		
Current assets		
Cash, cash equivalents and restricted cash	$ 66,130	$ 59,271
Accounts receivable, net of allowance for credit losses of $161 (December 31, 2019: nil)	23,462	14,451
Accrued income	6,280	20,073
Prepaid expenses and other current assets	17,670	22,015
Bunkers and lubricant oils	9,645	8,428
Insurance receivable	2,939	447
Amounts due from related parties	—	11,853
Total current assets	126,126	136,538
Non-current assets		
Vessels, net	1,609,527	1,545,688
Property, plant and equipment, net	793	502
Intangible assets, net of accumulated amortization of $279 (December 31, 2019: $184)	366	277
Investment in equity accounted joint ventures	130,660	148,665
Right-of-use asset for operating leases	6,781	5,701
Prepaid expenses and other non- current assets	—	2,037
Total non-current assets	1,748,127	1,702,870
Total assets	$1,874,253	$1,839,408
Liabilities and stockholders' equity		
Current liabilities		
Current portion of secured term loan facilities, net of deferred financing costs	$ 64,703	$ 65,662
Current portion of operating lease liabilities	1,178	1,276
Accounts payable	10,472	8,565
Accrued expenses and other liabilities	14,124	16,488
Accrued interest	4,424	3,398
Deferred income	14,154	11,604
Amounts due to related parties	451	229
Total current liabilities	109,506	107,222
Non-current liabilities		
Secured term loan facilities and revolving credit facilities, net of current portion and deferred financing costs	578,676	552,595
Senior secured bond, net of deferred financing costs	67,503	69,580
Senior unsecured bond, net of deferred financing costs	98,513	98,158
Derivative liabilities	5,769	3,007
Operating lease liabilities, net of current portion	6,329	5,232
Amounts due to related parties	68,055	61,219
Total non-current liabilities	824,845	789,791
Total Liabilities	934,351	897,013
Commitments and contingencies (see note 15)		
Stockholders' equity		
Common stock—$.01 par value per share; 400,000,000 shares authorized; 55,893,618 shares issued and outstanding, (December 31, 2019: 55,826,644)	558	559
Additional paid-in capital	592,010	593,254
Accumulated other comprehensive loss	(331)	(245)
Retained earnings	347,566	346,972
Total Navigator Holdings Ltd. stockholders' equity	939,803	940,540
Non-controlling interest	99	1,855
Total equity	939,902	942,395
Total liabilities and equity	$1,874,253	$1,839,408

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd.
Consolidated Statements of Operations

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(in thousands, except per share data)		
Revenues			
Operating revenues	$ 310,046	$ 301,385	$ 319,665
Operating revenues—Luna Pool collaborative arrangements	—	—	12,830
Total operating revenues	310,046	301,385	332,495
Expenses			
Brokerage commissions	5,142	4,938	5,095
Voyage expenses	61,634	55,310	63,372
Voyage expenses—Luna Pool collaborative arrangements	—	—	12,418
Vessel operating expenses	106,719	111,475	109,503
Depreciation and amortization	76,140	76,173	76,681
General and administrative costs	18,931	20,878	23,871
Other Income	—	—	(199)
Total operating expenses	268,566	268,774	290,741
Operating income	41,480	32,611	41,754
Other income/(expense)			
Foreign currency exchange gain/(loss) on senior secured bonds	2,360	969	(1,931)
Unrealized (loss)/gain on non-designated derivative instruments	(5,154)	(615)	2,762
Interest expense	(44,908)	(48,611)	(41,080)
Loss on repayment of 7.75% senior unsecured bonds	—	—	(479)
Write off of deferred financing costs	—	(403)	(155)
Interest income	854	920	408
(Loss)/income before income taxes and share of result of equity accounted joint ventures	(5,368)	(15,129)	1,279
Income taxes	(333)	(352)	(617)
Share of result of equity accounted joint ventures	(38)	(1,126)	651
Net (loss)/income	(5,739)	(16,607)	1,313
Net income attributable to non-controlling interest	—	(99)	(1,756)
Net loss attributable to stockholders of Navigator Holdings Ltd.	(5,739)	(16,706)	(443)
Loss per share attributable to stockholders of Navigator Holdings Ltd.:			
Basic and diluted:	$ (0.10)	$ (0.30)	$ (0.01)
Weighted average number of shares outstanding:			
Basic:	55,629,023	55,792,711	55,885,376
Diluted:	55,629,023	55,792,711	55,885,376

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd.
Consolidated Statements of Comprehensive Income

	Year ended December 31, 2018 (in thousands)	Year ended December 31, 2019 (in thousands)	Year ended December 31, 2020 (in thousands)
Net (loss)/ income	$(5,739)	$(16,607)	$1,313
Other comprehensive income/(loss):			
Foreign currency translation (loss)/gain	(86)	32	86
Total comprehensive (loss)/ income	$(5,825)	$(16,575)	$1,399
Other comprehensive (loss)/income attributable to:			
Stockholders of Navigator Holdings Ltd:	(5,825)	(16,674)	(357)
Non-controlling interests:	—	99	1,756
Total comprehensive (loss)/income	$(5,825)	$(16,575)	$1,399

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd.
Consolidated Statements of Stockholders' Equity

(in thousands, except share data)

	Common stock						
	Number of shares (Note 13)	Amount 0.01 par value (Note 13)	Additional Paid-in Capital (Note 13)	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Non-controlling interest	Total
January 1, 2018	55,529,762	$555	$589,436	$(277)	$373,499	$ —	$963,213
Adjustment to equity for the adoption of the new revenue standard	—	—	—	—	(3,352)	—	(3,352)
Forfeited shares-2013 long-term equity incentive plan	(3,673)	—	—	—	—	—	—
Restricted shares issued March 20, 2018	131,542	2	—	—	—	—	2
Net income	—	—	—	—	(5,739)	—	(5,739)
Foreign currency translation	—	—	—	(86)	—	—	(86)
Share-based compensation plan	—	—	1,072	—	—	—	1,072
December 31, 2018	55,657,631	$557	$590,508	$(363)	$364,408	$ —	$955,110
Adjustment to equity for the adoption of the new lease standard	—	—	—	—	(136)	—	(136)
Restricted shares issued March 20, 2019	174,438	1	—	—	—	—	1
Restricted shares cancelled August 14, 2019	(5,425)	—	—	—	—	—	—
Net income	—	—	—	—	(16,706)	99	(16,607)
Foreign currency translation	—	—	—	32	—	—	32
Share-based compensation plan	—	—	1,502	—	—	—	1,502
December 31, 2019	55,826,644	$558	$592,010	$(331)	$347,566	$ 99	$939,902
Adjustment to equity for the adoption of the new credit losses standard	—	—	—	—	(151)	—	(151)
Restricted shares issued March 19, 2020	79,172	1	—	—	—	—	1
Restricted shares cancelled April 14, 2020	(2,144)	—	—	—	—	—	—
Restricted shares cancelled October 19, 2020	(10,054)	—	—	—	—	—	—
Net income	—	—	—	—	(443)	1,756	1,313
Foreign currency translation	—	—	—	86	—	—	86
Share-based compensation plan	—	—	1,244	—	—	—	1,244
December 31, 2020	55,893,618	$559	$593,254	$(245)	$346,972	$1,855	$942,395

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd.
Consolidated Statements of Cash Flows

	Year ended December 31, 2018 (in thousands)	Year ended December 31, 2019 (in thousands)	Year ended December 31, 2020 (in thousands)
Cash flows from operating activities			
Net (loss)/income	$ (5,739)	$ (16,607)	$ 1,313
Adjustments to reconcile net income/(loss) to net cash provided by operating activities			
Unrealized loss/(gain) on non-designated derivative instruments	5,154	615	(2,762)
Depreciation and amortization	76,140	76,173	76,681
Payment of drydocking costs	(5,796)	(11,523)	(10,192)
Amortization of share-based compensation	1,074	1,503	1,245
Amortization of deferred financing costs	2,292	4,618	4,654
Share of result of equity accounted joint ventures	38	1,126	(651)
Call option premium on redemption of 7.75% unsecured bond	—	—	236
Insurance claim receivable	(642)	(5,107)	(975)
Unrealized foreign exchange (gain)/loss on senior secured bonds	(2,360)	(969)	1,931
Other unrealized foreign exchange (loss)/gain	(12)	239	80
Changes in operating assets and liabilities			—
Accounts receivable	(2,144)	(6,429)	8,860
Bunkers and lubricant oils	(781)	(856)	1,217
Accrued income, prepaid expenses and other current assets	2,629	(637)	(20,771)
Accounts payable, accrued interest, accrued expenses and other liabilities	7,664	7,554	(4,118)
Amounts due from related parties	—	—	(12,075)
Net cash provided by operating activities	77,517	49,700	44,673
Cash flows from investing activities			
Additions to vessels and equipment	(648)	(2,910)	(2,233)
Investment in equity accounted joint ventures	(42,500)	(89,324)	(17,354)
Purchase of other property, plant and equipment and intangibles	(182)	(357)	(31)
Insurance recoveries	1,003	2,182	3,467
Net cash used in investing activities	(42,327)	(90,409)	(16,151)
Cash flows from financing activities			
Proceeds from secured term loan facilities and revolving credit facilities	21,900	162,000	51,000
Proceeds from revolving loan facility	—	—	185,000
Proceeds from refinancing of vessel to related parties	—	69,052	—
Issuance of senior secured bonds	71,697	—	—
Issuance of 8.00% senior unsecured bonds	—	—	100,000
Issuance cost of senior secured bonds	(991)	(136)	(141)
Issuance costs of unsecured bond amendment	—	(1,308)	—
Issuance cost of 8.0% senior unsecured bonds	—	—	(1,963)
Issuance cost of refinancing of vessel	—	(156)	(18)
Direct financing cost of secured term loan and revolving credit facilities	(38)	(1,448)	(1,939)
Direct financing cost of terminal credit facility	—	(2,833)	(72)
Repayment of 7.75% senior unsecured bonds	—	—	(100,236)
Repayment of secured term loan facilities and revolving credit facilities	(118,352)	(189,001)	(260,167)
Repayment of refinancing of vessel to related parties	—	(846)	(6,845)
Net cash (used in)/provided by financing activities	(25,784)	35,324	(35,381)
Net increase/(decrease) in cash, cash equivalents and restricted cash	9,406	(5,385)	(6,859)
Cash, cash equivalents and restricted cash at beginning of year	62,109	71,515	66,130
Cash, cash equivalents and restricted cash at end of year	$ 71,515	$ 66,130	$ 59,271
Supplemental Information			
Total interest paid during the year, net of amounts capitalized	$ 41,465	$ 44,859	$ 37,619
Total tax paid during the year	$ 176	$ 323	$ 330

See accompanying notes to consolidated financial statements.

Navigator Holdings Ltd.
Notes to the Consolidated Financial Statements
December 31, 2018, 2019 and 2020

1. Description of Business

Navigator Holdings Ltd. (the "Company"), the ultimate parent company of the Navigator Group of companies, is registered in the Republic of the Marshall Islands. The Company has a core business of owning and operating a fleet of gas carriers. As of December 31, 2020, the Company owned and operated 38 gas carriers (the "Vessels") each having a cargo capacity of between 20,600 cbm and 38,000 cbm, of which 31 were semi-refrigerated, and seven were fully-refrigerated vessels. The Company has an investment in a joint venture that operates a Marine Export Terminal at Morgan's Point in Texas to export approximately one million tons of ethylene per year. Unless the context otherwise requires, all references in the consolidated financial statements to "our"," we" and "us" refer to the Company.

Going Concern

A discussion of the Company's going concern as of the date of issuance of the consolidated financial statements for the year ended December 31, 2019 concluded that there was substantial doubt about the Company's ability to continue as a going concern as a result of the negative impacts of COVID-19; the potential inability of the Company to maintain its minimum liquidity covenants, in part due to the uncertainty related to potential cash collateral obligations; or to remain in compliance with its interest coverage covenants; as well as the uncertainty of the ability to refinance or to repay its $100 million 2017 bonds when they were to mature in February 2021. We believe all of these uncertainties have either been resolved or mitigated during the year ended December 31, 2020, as described below.

During the year ended December 31, 2020, the Company increased its liquidity by drawing down a total of $51.0 million from the Terminal Facility, of which $34.0 million was used for general corporate purposes, due to previous capital contributions for the Marine Export Terminal being paid from the Company's own resources. In addition, the Company entered into the new September 2020 Secured Revolving Credit Facility, enabling an additional $25.0 million from that $210.0 million facility to be available for general corporate purposes. As a result, the Company had a cash balance of $59.3 million as of December 31, 2020 with a further $37.6 million available from undrawn credit facilities.

In September 2020, the Company issued new $100 million senior unsecured 2020 Bonds for the purpose of refinancing its 2017 Bonds, which were scheduled to mature in February 2021. The 2020 Bonds will mature in September 2025 and have a fixed coupon of 8.00% per annum. The 2017 Bonds were redeemed in full on September 15, 2020.

While the above new borrowings will incur additional interest costs, U.S. LIBOR reduced significantly during the year ended December 31, 2020, which has reduced our borrowing costs over the same period and U.S. LIBOR is expected to remain low for the foreseeable future. The negative impact of the global pandemic has not reduced, to the extent initially anticipated, the demand for the LPG markets we serve, or petrochemicals and ammonia and we do not expect, based on market data reviewed by us, that such demand will reduce to levels that would result in a decline in our earnings to levels that would result in a breach by us of our interest coverage covenants. We believe, therefore, that the risk of non-compliance with our interest coverage ratio covenants has been alleviated. In addition, when considered with the additional liquidity headroom generated during 2020 and the refinancing of the 2017 bonds, we believe that there is no longer substantial doubt about the Company's ability to continue as a going concern and that the Company will be able to pay its obligations as they come due.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (See Note 8—Group Subsidiaries to our consolidated financial statements) and Variable Interest Entities ("VIE") for which the Company is a primary beneficiary are also consolidated (See Note 9—Variable Interest Entities to our consolidated financial statements). All intercompany accounts and transactions have been eliminated in consolidation.

As of December 31, 2019, the Company has consolidated 100% of PT Navigator Khatulistiwa, a VIE for which the Company is deemed to be the primary beneficiary, i.e. it has a controlling financial interest in this entity. The Company owns 49% of the VIE's common stock, all of its secured debt and has voting control. All economic interests in the residual net assets reside with the Company. A VIE is an entity that in general does not have equity investors with voting rights or that has equity investors that do not provide sufficient financial resources for the entity to support its activities. A controlling financial interest in a VIE is present when a company has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and has the right to residual gains or the obligation to absorb losses that could potentially be significant to the VIE.

On October 21, 2019, the Company entered into a sale and leaseback to refinance one of its vessels, *Navigator Aurora*. As of December 31, 2019, and 2020, the Company has consolidated 100% of OCY Aurora Ltd., the lessor variable interest entity (''lessor VIE'') that we have leased *Navigator Aurora* from under a sale and leaseback arrangement. The lessor VIE is a wholly-owned, newly formed special purpose vehicle ("SPV") of a financial institution.

While we do not hold any equity investments in this lessor VIE, we have concluded that we are the primary beneficiary of the lessor VIE under U.S. GAAP and accordingly we are required to consolidate this lessor VIE into our financial results. Although consolidated into our results, we have no control over the funding arrangements negotiated by this lessor VIE entity including the interest rates to be applied. In consolidating the lessor VIE into our financial results, we must make assumptions regarding the debt amortization profile and the interest rate to be applied against the lessor VIE's debt principal. Furthermore, our estimation process is dependent upon the timeliness of receipt and accuracy of financial information provided by the lessor VIE entity.

By virtue of the accounting principle of consolidation, transactions between consolidated entities are eliminated and accordingly the sale and leaseback refinancing transaction with OCY Aurora is not shown as a liability in the Company's consolidated balance sheets, being superseded by the Navigator Aurora Facility between OCY Aurora and Ocean Yield Malta Limited. Please read Note 21—Related Party Transactions to our consolidated financial statements. Under the sale and leaseback transaction we are committed to monthly principal payments until the year five purchase option which include interest payable at a rate of U.S. LIBOR plus 430 basis points per annum. For additional detail refer to Note 9—Variable Interest Entities to our consolidated financial statements.

On January 31, 2018, the Company announced the execution of definitive agreements creating a 50/50 joint venture with Enterprise Products Partners L.P. (the "Export Terminal Joint Venture") to construct and operate an ethylene export marine terminal at Morgan's Point, Texas on the Houston Ship Channel (the "Marine Export Terminal"). Enterprise Products Partners, L.P. is the sole managing member of the Export Terminal Joint Venture and it is also the operator of the Marine Export Terminal. Interests in joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes capitalized interest. The capitalized interest will be amortized over the useful life of the terminal. Subsequent to initial recognition, the consolidated financial statements will include the Company's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, until the date on which joint control ceases.

The Export Terminal Joint Venture is organized as a limited liability company and maintains separate ownership accounts, consequently we account for our investment using the equity method as our ownership interest is 50% and we exercise joint control over the investee's operating and financial policies. We disclose our proportionate share of profits and losses from equity method unconsolidated affiliates in the statement of operations and adjust the carrying amount of our equity method investments on the balance sheet accordingly.

In March 2020, the Company collaborated with Pacific Gas Pte. Ltd. and Greater Bay Gas Co. Ltd. to form and manage the Luna Pool. We refer to the Company and Greater Bay Gas Co. Ltd. collectively as the "Pool Participants". As part of the formation of the Luna Pool, a new entity, Luna Pool Agency Limited, ("Pool Agency") was established in May 2020. The investment in the Pool Agency created a 50/50 joint venture with Greater Bay Gas Co. Ltd. as outlined by Accounting Standards Codification ("ASC") 323 – Investments -Equity Method and Joint Ventures ("ASC 323"). The Company's investment in the Pool Agency is accounted for as an equity investment in accordance with the guidance within ASC 810 – Consolidation and ASC 323. Therefore, we account for our investment using the equity method as our ownership interest is 50% and we exercise joint control over the entity's operating and financial policies.

The year ended December 31, 2020 includes an out of period adjustment in the consolidated statements of operations of an additional $0.5 million in general and administrative costs and a decrease of $0.8 million in interest expense, resulting in an overall decrease in the net loss for the year ended December 31, 2020 of $0.3 million, and in the consolidated balance sheets at December 31, 2020, an increase to the investment in the equity accounted joint ventures of $0.3 million. Management believes this out of period adjustment is not material to the annual consolidated financial statements for the year ending December 31, 2020 or any previously issued financial statements.

Collaborative arrangements

The Pool Participants manage and participate in the activities of the Luna Pool through an executive committee comprising equal membership from both Pool Participants. Certain decisions made by the executive committee as to the operations of the Luna Pool require the unanimous agreement of both participants with others requiring a majority of votes. At this time we control 66% of the votes. The Company's wholly owned subsidiary, NGT Services (UK) Limited acts as commercial manager ("Commercial Manager") to the Luna Pool.

Under the pool agreement, the Commercial Manager is responsible, as agent, for the marketing and chartering of the participating vessels, collection of revenues and paying voyage costs such as port call expenses, bunkers and brokers' commissions in relation to charter contracts, but the vessel owners continue to be fully responsible for the financing, insurance, crewing and technical management of their respective vessels. The Commercial Manager receives a fee based on the net revenues of the Luna Pool, which is levied on the Pool Participants, which was a net amount of $0.2 million, after the elimination of inter group income, for the year ended December 31, 2020, and is presented as other income within our consolidated statements of operations.

Pool revenues and expenses within the Luna Pool are accounted for in accordance with ASC 808 – Collaborative Arrangements, when two (or more) parties are active participants in the arrangement and exposed to significant risk and rewards dependent on the commercial success of the activity. Pool earnings (gross earnings of the pool less costs and overheads of the Luna Pool and fees to the Commercial Manager) are aggregated and then allocated to the Pool Participants in accordance with an apportionment for each participant's vessels multiplied by the number of days each of their vessels are on hire in the pool during the relevant period and therefore the Company is exposed to risk and rewards dependent on the commercial success of the Luna Pool. We have concluded that the Company is an active participant due to its representation on the executive committee and the participation of the Commercial Manager, as is the other Pool Participant.

We have presented our share of net income earned under the Luna Pool collaborative arrangement across a number of lines in our consolidated statements of operations. For revenues and expenses earned/incurred

specifically by the Company's vessels and for which we are deemed to be the principal, these are presented gross on the face of our consolidated statements of operations within operating revenues, voyage expenses and brokerage commissions. Our share of pool net revenues generated by the other Pool Participant's vessels in the Luna Pool collaborative arrangement is presented on the face of our consolidated statements of operations within operating revenues – Luna Pool collaborative arrangements. The other Pool Participant's share of pool net revenues generated by our vessels in the pool is presented on the face of our consolidated statements of operations within voyage expenses – Luna Pool collaborative arrangements. The portion of the Commercial Manager's fee which is due from the other Pool Participant is presented on the face of our consolidated statements of operations as other income.

The Luna Pool became operational during the quarter ended June 30, 2020. The impact on our consolidated statements of operations for the year ended December 31, 2020, was a recognition of operating revenues from Luna Pool collaborative arrangements of $12.8 million, and voyage expenses from Luna Pool collaborative arrangements of $12.4 million.

Adoption of new accounting standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments—Credit Losses, which changes the recognition model for the impairment of financial instruments, including accounts receivable, loans and held-to-maturity debt securities, among others. The Company adopted this guidance as of January 1, 2020.

Using the modified retrospective method, reporting periods beginning after January 1, 2020, are presented under Topic 326 while comparative periods continue to be reported in accordance with previously applicable GAAP and have not been restated. The adoption of Topic 326 did not have a material impact on our consolidated financial statements. The total provision on transition was $0.1 million and has been presented as an adjustment to equity in the consolidated statements of shareholders' equity. For the amounts calculated for the Current Expected Credit Loss ("CECL") model for the year ended December 31, 2020, since transition, the Company has recognized an expense in our consolidated statements of operations. As the amount is immaterial, it is presented within general and administration costs rather than as a separate line. For financial assets measured at amortized cost within the scope of Topic 326, we have separately presented on the statements of financial position the allowance for credit losses as a contra-asset that is deducted from the asset's amortized cost basis.

Management has assessed the financial assets that fall under the scope of the new standard and have determined how to apply the model to each one. Cash, cash equivalents and restricted cash as well as insurance debtor amounts are considered to have negligible risk of loss, which management has based on consideration of whether the balances have short-term maturities and whether the counterparty has an investment grade credit rating, limiting any credit exposure, and as such no impairment allowance has been recognized. Trade receivables are presented net of allowances for doubtful debt based on observable events and expected credit losses. At each balance sheet date, all potentially uncollectible accounts are assessed individually for the purpose of determining the appropriate provision for doubtful accounts. The expected credit loss allowance is calculated using loss rates which reflect similar risk characteristics. Management has considered that trade receivables should be split into two pools with similar risk characteristics. Pool 1 consists of freight and recharge receivables for which management has made estimates of losses based on an aging matrix. Pool 2 consists of demurrage receivables where the percentage historical recovery/loss data over the last five years is utilized to model an estimate of expected credit losses.

Our trade receivables have short maturities so we have considered that forecasted changes to economic conditions will have an insignificant effect on the estimate of the allowance, except in extraordinary circumstances. Contract assets have been deemed as being at remote risk as there have been no historical contract assets recognized which were not subsequently invoiced to customers and paid. The risk of expected losses for these assets is deemed to be remote and an appropriate percentage of expected losses has been applied to the whole balance.

The activity in the allowance for credit losses for financial assets within the scope of ASU 2016-13 for the year ended December 31, 2020 was as follows:

	(in thousands)
Beginning balance as of December 31, 2019	$ —
Allowance recognized on transition	151
Current period provision for expected credit losses	10
Ending balance as of December 31, 2020	$161

In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses which, amongst other things, clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the new leasing standard, ASC 842 – Leases, which was adopted by the Company on January 1, 2019. The amendments relating to ASU 2016-13, Topic 326, were adopted on January 1, 2020 and did not have a material impact on our consolidated financial statements.

In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments which, amongst other things, clarifies certain aspects of accounting for credit losses, hedging activities and financial instruments respectively. The amendments within ASU 2019-04 have various effective dates of adoption.

The amendments relating to Topic 326 and Topic 825 were adopted on January 1, 2020 and did not have a material impact on our consolidated financial statements. The amendments within ASU 2019-04 relating to Topic 815, Derivatives and Hedging were effective from the first annual reporting period beginning after April 25, 2019. The Company adopted the amendments on January 1, 2020.

The Company has no derivatives for which hedge accounting has been applied and as such, the amendments contained in this section of ASU 2019-04 are not applicable and there was no impact on our consolidated financial statements on adoption.

In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief which provides transition relief for entities adopting the credit losses standard, ASU 2016-13. Specifically, ASU 2019-05 amends ASU 2016-13 to allow companies to irrevocably elect, on adoption of ASU 2016-13, the fair value option for financial instruments that were previously recorded at amortized cost, are within the scope of the guidance in ASC 326-20, are eligible for the fair value option under ASC 825-20 and are not held-to-maturity debt securities. ASU 2019-05 is required to be adopted at the same time as ASU 2016-13. We adopted both ASU 2016-13 and ASU 2019-05 on January 1, 2020. The adoption of this amendment did not have a material impact on our consolidated financial statements or related disclosures.

In May 2019, the FASB issued ASU 2019-11, Financial Instruments—Credit Losses (Topic 326): Codification Improvements, which revises certain aspects of the new guidance on Topic 326 for credit losses. Matters addressed in this amendment include purchased credit-deteriorated assets, transition relief for troubled debt restructurings, disclosure relief for accrued interest receivable, and financial assets secured by collateral maintenance provisions. ASU 2019-11 is required to be adopted at the same time as ASU 2016-13. We adopted both ASU 2016-13 and ASU 2019-11 on January 1, 2020 and the adoption of this standard did not have a material impact on our consolidated financial statements and related disclosures.

(b) Vessels

Vessels are stated at cost, which includes the cost of construction, capitalized interest and other direct costs attributable to the construction. The cost of the vessels (excluding the estimated initial drydocking cost) less their

estimated residual value is depreciated on a straight-line basis over the vessel's estimated useful life. Management estimates the useful life of each of the Company's vessels to be 30 years from the date of its original construction.

(c) Vessels Under Construction

Vessels under construction are stated at cost, which includes the cost of construction, capitalized interest and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

(d) Impairment of Vessels

Our vessels are reviewed for impairment when events or circumstances indicate the carrying amount of the vessel may not be recoverable. When such indicators are present, a vessel is tested for recoverability and we recognize an impairment loss if the sum of the future cash flows (undiscounted and excluding interest charges that will be recognized as an expense when incurred) expected to be generated by the vessel over its estimated remaining useful life are less than its carrying value. If we determine that a vessel's undiscounted cash flows are less than its carrying value, we record an impairment loss equal to the amount by which its carrying amount exceeds its fair value. The new lower cost basis would result in a lower annual depreciation than before the impairment.

Considerations in making such an impairment evaluation include comparison of current carrying values to anticipated future operating cash flows, expectations with respect to future operations and other relevant factors. The estimates and assumptions regarding expected cash flows require considerable judgment and are based upon historical experience, financial forecasts and industry trends and conditions. These assumptions are based on historical trends as well as future expectations. Specifically, in estimating future charter rates, management considers estimated daily TCE rates for each vessel over the estimated remaining lives of each of the vessels. We consider rates currently in effect for existing time charters and the estimated daily TCE rates used for unfixed vessels, which were based on the trailing 10-year historical average one-year time charter rates. Recognizing that rates tend to be cyclical, and subject to some volatility based on factors beyond our control, we believe the use of estimates based on the 10-year historical average rates to be appropriate. In addition, our vessels operate in a sector that is relatively young and data beyond 10 years is limited, while rates for one and five year periods would not necessarily include the peaks and troughs of a typical shipping cycle.

(e) Drydocking Costs

Each vessel is required to be dry-docked every 30 to 60 months for classification society surveys and inspections of, among other things, the underwater parts of the vessel. These works include, but are not limited to hull coatings, seawater valves, steelworks and piping works, propeller servicing and anchor chain winch calibrations, all of which cannot be performed while the vessels are operating. The Company capitalizes costs associated with the dry-dockings in accordance with ASC 360 – Property, Plant and Equipment, and amortizes these costs on a straight-line basis over the period to the next expected dry-docking. Amortization of dry-docking costs is included in depreciation and amortization in the Consolidated Statements of Operations. Costs incurred during the dry-docking period which relate to routine repairs and maintenance are expensed. Where a vessel is newly acquired, or constructed, a proportion of the cost of the vessel is allocated to the components expected to be replaced at the next drydocking based on the expected costs relating to the next drydocking, which is based on experience and past history of similar vessels. Drydocking costs are included within operating activities on the cashflow statement.

(f) Intangible assets

Intangible assets consist of software acquisition and associated costs of software modification to meet the Company's internal needs. Intangible assets are amortized on a straight-line basis over the expected life of the

software license, product or the expected duration that the software is estimated to contribute to the cash flows of the Company, estimated to be five years. Amortization of intangible assets is included in depreciation and amortization in the Consolidated Statements of Operations. Intangible assets are assessed for impairment when and if impairment indicators exist. An impairment loss is recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value. No impairment has been recognized as of December 31, 2020. Amortization of intangible assets for the year ended December 31, 2020 was $0.09 million (December 31, 2019: $0.07 million) and for succeeding fiscal years is estimated to be $0.08 million (2021), $0.08 million (2022), $0.05 million (2023), $0.03 million (2024) and $0.01 million (2025) . The weighted average amortization period on December 31, 2020 was 2.6 years (December 31, 2019: 2.7 years).

(g) Cash, Cash Equivalents and Restricted Cash

The Company considers highly liquid investments, such as time deposits and certificates of deposit, with an original maturity of three months or less when purchased, to be cash equivalents. As of December 31, 2019, and 2020 and for the years then ended, the Company had balances in this financial institution in excess of the insured amount. The Company also maintains cash balances in foreign financial institutions outside of the U.S. which are not covered by the Federal Deposit Insurance Corporation.

Included within cash, cash equivalents and restricted cash as of December 31, 2020 is an amount of $0.2 million relating to the cash belonging to the lessor VIE that we are required to consolidate under U.S. GAAP (December 31, 2019: $0.8 million). Please read Note 9—Variable Interest Entities to our consolidated financial statements.

Amounts included in restricted cash represent those required to be set aside as collateral by a contractual agreement with a banking institution for the forecast future liability on the cross-currency interest rate swap agreement at the reporting date, payable on maturity of our 2018 issued senior secured bonds (“2018 Bonds”). If the Norwegian Kroner depreciates relative to the U.S. Dollar beyond a certain threshold, we are required to place cash collateral with our swap providers. As of December 31, 2020, there was no collateral amount held with the swap provider (December 31, 2019: $1.3 million). The amounts held as collateral within restricted cash are assessed against daily currency movements and are presented as current assets on the Company’s consolidated balance sheets.

(h) Financial Instruments—Debt Securities

The senior unsecured bonds issued in September 2020 (“2020 Bonds”), 2017 Bonds before their redemption in October 2020 and 2018 Bonds are recognized at the net amount of the proceeds received. Subsequent measurement is at amortized cost, net of deferred finance costs. Interest accrued on the 2020 Bonds and the 2018 Bonds is calculated on a 360-day year basis and is included within accrued interest as a current liability. Deferred finance costs are amortized using the effective interest method over the lifetime of the 2020 Bonds and the 2018 Bonds.

(i) Accounts Receivable, net

The Company carries its accounts receivable at cost less an allowance for expected credit losses. As of January 1 and December 31, 2020, the Company evaluated its accounts receivable and established an allowance for expected credit losses, based on a history of past write-offs, collections and current credit conditions. As of December 31, 2020, the Company also considers future and reasonable and supportable forecasts of future economic conditions in its allowance for expected credit losses. The Company does not generally charge interest on past-due accounts (unless the accounts are subject to legal action), and accounts are written off as uncollectible when all reasonable collection efforts have failed. Accounts are deemed past-due based on contractual terms.

(j) Bunkers and lubricant oils

Bunkers and lubricant oils include bunkers (fuel), for those vessels under voyage charter, and lubricants. Under a time charter, the cost of bunkers is borne by and remains the property of the charterer. Bunkers and lubricant oils are accounted for on a first in, first out basis and are valued at cost.

(k) Deferred Finance Costs

Costs incurred in connection with obtaining secured term loan facilities, revolving credit facilities and bonds are recorded as deferred financing costs and are amortized to interest expense over the estimated duration of the related debt. Such costs include fees paid to the lenders or on the lenders' behalf and associated legal and other professional fees. Under the Accounting Standards Update (ASU) 2015- 03, Interest—Imputation of Interest the Company has adopted the accounting standard (Subtopic 835-30)—simplifying the presentation of debt issuance cost to present the unamortized debt issuance costs, excluding up front commitment fees, as a direct reduction of the carrying value of the debt. Deferred financing costs related to undrawn debt are presented as assets on our consolidated balance sheets and amortized using the straight-line method. Following a loan refinancing assessed as a modification, any unamortized issuance costs related to the refinanced facility will continue to be amortized over the new term of the loan using the effective interest rate method.

(l) Deferred Income

Deferred income is the balance of cash received in excess of revenue earned under a time charter or voyage charter arrangement as of the balance sheet date.

(m) Revenue Recognition

The Company receives its revenue streams from three different sources; voyage or 'spot' charters; contracts of affreightment ("COA"), and time charters.

Voyage charter and COA arrangements

In the case of vessels contracted under voyage charters, the vessel is contracted for a voyage, or a series of voyages, between two or more ports and the Company is paid for the cargo transported. Revenue from COAs is recognized on the same basis as revenue from voyage charters, as they are essentially a series of consecutive voyage charters. Payment from voyage charters and COAs is due upon discharge of the cargo at the discharge port. Since January 1, 2018, following adoption of ASU No. 2014-09, Revenue from Contracts with Customers, ("Topic 606"), our basis for revenue recognition for voyage charters and COAs has changed to recognize revenue on a load port to discharge port basis and determined percentage of completion for all voyage charters and COAs on a time elapsed basis. The Company believes that the performance obligation towards the customer starts to become satisfied once the cargo is loaded and the obligation becomes completely satisfied once the cargo has been discharged at the discharge port.

Under this revenue recognition standard, the Company has identified certain costs incurred to fulfill a contract with a charterer, which are costs incurred following the commencement of a contract or charter party but before the loading of the cargo commences. These directly related costs are generally fuel or any canal or port costs incurred to get the vessel from its position at inception of the contract to the load port to commence loading of the cargo. These costs are deferred and amortized over the duration of the performance obligation on a time basis.

Voyage charters and COAs have an expected duration of one year or less. The Company has applied optional exemptions on adoption of the new revenue standard, as set out in Topic 606-10-50-14 to 14A, exempting the Company from disclosing the aggregate amount of the transaction price allocated to the performance obligations

that are unsatisfied (or partially unsatisfied) as at the balance sheet date and the expectation of when the Company expects to recognize these amounts.

Prior to the adoption of Topic 606, under a voyage charter or a COA the revenue was recognized on a discharge-to-discharge basis in determining the percentage of completion commencing from the later of the charter party date and the date of completion of the previous discharge port until the following discharge port. We did not begin recognizing revenue until a charter had been agreed, even if the vessel had discharged its prior cargo and was sailing to the anticipated load port for its next voyage. The adoption of 606 had the effect of recognizing the revenue over a shorter period of time as the performance obligation commences from the loading of the cargo rather than from the inception of the contract.

Time charter arrangements

For vessels contracted under time charters, the arrangements are for a specified period of time. The Company receives a fixed charter rate per on-hire day which is payable monthly in advance and revenue is recognized ratably over the term of the charter. Within our time charter arrangements key decisions concerning the use of the vessel during the duration of the time charter period reside with the charterer. We are responsible for the crewing, maintenance and insurance of the vessel, and the charterer is generally responsible for voyage specific costs, which typically include bunkers and port/canal costs. As the charterer holds rights to determine how and when the vessel is used and is also responsible for voyage specific costs incurred during the voyage, the charterer derives the economic benefits from the use of the vessel, as control over the use of the vessel is transferred to the charterer during the specified time charter period. Time charters are therefore considered operating leases and since January 1, 2019 we apply the lease income recognition guidance in ASC 842 – Leases following the adoption of that standard. In addition, the Company has performed a qualitative analysis of each of its time charter contracts and concluded that the lease component is the predominant component as the charterer would attribute most value to the ability to direct the use of the vessel rather than to the technical and crewing services to operate the vessel which are add-on services. Accordingly, revenue from vessels under time charter arrangements is presented as a single lease component.

For each year presented prior to January 1, 2019, we recognized revenue for time charters as operating leases under the previous leasing standard, ASC 840, and recorded time charter revenue ratably over the term of the charter.

(n) Other Comprehensive Income / (Loss)

The Company follows the provisions of ASC 220 – Comprehensive Income, which requires separate presentation of certain transactions, which are recorded directly as components of stockholders' equity. Comprehensive income is comprised of net income/(loss) and foreign currency translation gains and losses.

(o) Voyage Expenses and Vessel Operating Expenses

When the Company employs its vessels on time charter, it is responsible for all the operating expenses of the vessels, such as crew costs, stores, insurance, repairs and maintenance. In the case of voyage charters, the vessel is contracted only for a voyage between two or more ports, and the Company pays for all voyage expenses in addition to the vessel operating expenses. Voyage expenses consist mainly of in-port expenses, canal fees and bunker (fuel) consumption and are recognized as incurred during the performance obligation (the period of time from load to discharge) of the vessel. The Company has identified certain voyage costs incurred to fulfill a contract with a charterer, which are costs incurred following the commencement of a contract or charter party but before the loading of the cargo commences. These directly related costs are generally fuel or any canal or port costs to get the vessel from its position at inception of the contract to the load port to commence loading of the cargo. These costs are deferred and amortized over the duration of the performance obligation on a time basis.

(p) Repairs and Maintenance

All expenditures relating to routine maintenance and repairs are expensed when incurred.

(q) Insurance

The Company maintains hull and machinery insurance, war risk insurance, protection and indemnity insurance coverage, increased value insurance, demurrage and defense insurance coverage in amounts considered prudent to cover normal risks in the ordinary course of its operations. Premiums paid in advance to insurance companies are recognized as prepaid expenses and recorded as a vessel operating expense over the period covered by the insurance contract. In addition, the Company maintains Directors and Officers insurance.

When the Company has enforceable insurance in place, a receivable is recognized for an insured event if realization is probable. We apply judgement that an insurance recovery is probable when the insurer has confirmed that a claim is covered by insurance, the claim has been successful, and an amount will be paid to the Company. If the insurance receivable realization is probable, the receivable is measured as the lesser of (a) the recognized loss from the insurance event or (b) the probable recovery from the insurer. Subsequent receipt of the receivable is typically within a twelve month period, and insurance receivables are classified as current on our consolidated balance sheets. If the recoverability of the insurance claim is subject to dispute there is a rebuttable presumption that realization is not probable.

(r) Share-Based Compensation

The Company records as an expense in its financial statements the fair value of all equity-settled stock-based compensation awards. The terms and vesting schedules for share-based awards vary by type of grant. Generally, the awards vest subject to time-based (immediate to three years) service conditions. Compensation expense is recognized ratably over the service period.

(s) Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make estimates in the application of our accounting policies based on our best assumptions, judgments and opinions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. For a description of our material accounting policies, please read Note 2—Summary of Significant Accounting Policies to our consolidated financial statements.

(t) Foreign Currency Transactions

Substantially all of the Company’s cash receipts are in U.S. Dollars. The Company’s disbursements, however, are in the currency invoiced by the supplier. The Company remits funds in the various currencies invoiced. The non U.S. Dollar invoices received, and their subsequent payments, are converted into U.S. Dollars when the transactions occur. The movement in exchange rates between these two dates is transferred to an exchange difference account and is expensed each month. The exchange risk resulting from these transactions is not material.

The primary source of our foreign exchange gains and losses are the movements on our Norwegian Kroner denominated 2018 Bonds. The 2018 Bonds are translated into U.S. Dollars at each reporting date at the prevailing exchange rate at the end of the period. The movement in the foreign exchange rates between each reporting date will result in a foreign exchange gain or loss on the 2018 Bonds, which is shown as a single line on

the face of the statement of operations. The foreign currency exchange loss on the 2018 Bonds for the year ended December 31, 2020, was $1.9 million, compared to December 31, 2018 and 2019 when the foreign currency exchange gain on the 2018 Bonds was $2.4 million and $1.0 million, respectively.

The aggregate amount of all foreign exchange movements recorded in net income for the year ended December 31, 2020, was a $1.7 million loss compared to a $0.8 million gain for the year ended December 31, 2019 and a $2.2 million gain for the year ended December 31, 2018. The movement was primarily as a result of the foreign currency translation, at the prevailing exchange rate, of the 2018 Bonds mentioned in the previous paragraph.

(u) Derivative instruments

Derivative instruments are initially recorded at fair value as either assets or liabilities in the accompanying balance sheet and subsequently remeasured to fair value at each reporting date, regardless of the purpose or intent for holding the derivative. The resulting derivative assets or liabilities are shown as a single line and are not net off against one another on the face of the balance sheet. The method of recognizing the resulting gain or loss is dependent on whether the derivative contract qualifies for hedge accounting and has been designated as a hedging instrument. For derivative instruments that are not designated or that do not qualify as hedging instruments under ASC 815 – Derivatives and Hedging, the liability has been recognized as 'Derivative liabilities' on the balance sheet and changes in the fair value of the derivative financial instruments are recognized in earnings. Gains and losses from the Company's non-designated cross-currency interest rate swap agreement and interest rate swap agreements are recorded in unrealized (losses)/gains on non-designated derivative instruments in the Company's consolidated statements of operations but do not impact our cash flows.

(v) Income Taxes

Navigator Holdings Ltd. and its Marshall Islands subsidiaries are currently not required to pay income taxes in the Marshall Islands on ordinary income or capital gains as they qualify as exempt companies.

The Company has four wholly owned subsidiaries incorporated in the United Kingdom where the base tax rate is 19%. These subsidiaries provide services to affiliated entities within the group.

The Company has a subsidiary in Poland where the base tax rate is 19%. The subsidiary earns management fees from fellow subsidiary companies.

The Company has a subsidiary incorporated in Singapore where the base tax rate is 17%. The subsidiary earns management and other fees and receives interest from a VIE, PT Navigator Khatulistiwa. The VIE is subject to Indonesian freight tax on all of its gross shipping transportation revenue at a rate of 1.2%.

The Company has consolidated a VIE incorporated in Malta where the base tax rate is 35%. This VIE is the lessor entity for the sale and leaseback of *Navigator Aurora* and pays interest, management and other fees to its parent entity, Ocean Yield Malta (please read Note 9—Variable Interest Entities to the consolidated financial statements).

The Company considered the income tax disclosure requirements of ASC 740 – Income Taxes, with regard to disclosing material unrecognized tax benefits; none were identified. The Company's policy is to recognize accrued interest and penalties for unrecognized tax benefits as a component of tax expense. As of December 31, 2019, and 2020, there were no accrued interest and penalties for unrecognized tax benefits.

Deferred taxation

Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements and tax basis of existing assets and liabilities using enacted rates applicable to

the periods in which the differences are expected to affect taxable income. Deferred income tax balances included on the consolidated balance sheets reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax basis and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. The recoverability of these future tax deductions is evaluated by assessing the adequacy of future taxable income, including the reversal of temporary differences and forecasted operating earnings. If it is deemed more likely than not that the deferred tax assets will not be realized, the Company provides for a valuation allowance.

(w) Earnings Per Share

Basic earnings per common share ("Basic EPS") is computed by dividing the net income/(loss) available to common stockholders by the weighted average number of shares outstanding. Diluted earnings per common share ("Diluted EPS") are computed by dividing the net income available to common stockholders by the weighted average number of common shares and dilutive common share equivalents then outstanding.

Shares granted pursuant to the 2013 Restricted Stock Plan are the only dilutive shares, and these shares have been considered as outstanding since their respective grant dates for purposes of computing diluted earnings per share. These shares were antidilutive in the years ended December 31, 2018, 2019 and 2020 and thus not included in the calculation of diluted EPS in the last three years.

(x) Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or significant influence.

(y) Segment Reporting

Although separate vessel financial information is available, management internally evaluates the performance of the enterprise as a whole and not on the basis of separate business units or different types of charters. As a result, the Company has determined that it operates as one reportable segment. Since the Company's vessels regularly move between countries in international waters over many trade routes, it is impractical to assign revenues or earnings from the transportation of international LPG and petrochemical products by geographic area. Other than three vessels involved in cabotage within Indonesia for the years ended December 31, 2020 and 2019, our vessels operate on a worldwide basis and are not restricted to specific locations. As disclosed in Note 5—Revenue to our consolidated financial statements, there are two different revenue streams due to the nature of the contracts that we operate. The Company considers the equity accounted joint ventures do not meet the criteria in ASC 280 to be separate reportable segments.

(z) Recent Accounting Pronouncements

The following accounting standards issued as of May 14, 2021, may affect the future financial reporting by Navigator Holdings Ltd:

On December 18, 2019, the FASB issued ASU 2019-12, which modifies ASC 740 – Income Taxes ("Topic 740") to simplify the accounting for income taxes, by removing certain exceptions to the general principles in Topic 740 and improve consistent application by clarifying and amending existing guidance. The amendments to this standard are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period for which financial statements have not been issued, with the amendments to be applied on a retrospective, modified retrospective or prospective basis, depending on the specific amendment. We adopted the new standard with effect from January 1, 2021, and the adoption of this standard did not have a material impact on our consolidated financial statements and related disclosures.

In January 2020, the FASB issued ASU 2020-01, Clarifying the Interactions Between Topic 321, Topic 323, and Topic 815. The amendments in ASU 2020-01 make improvements related to the accounting for (1) an equity security under the measurement alternative before application or after discontinuation of the equity method of accounting and (2) forward contracts and purchased options to acquire an equity instrument that will be accounted for under Topic 323. The guidance is effective for annual and interim periods beginning after December 15, 2020 for public business entities and an entity may early adopt the guidance in any annual or interim period after issuance. We adopted the new standard with effect from January 1, 2021, and the adoption of this standard did not have a material impact on our consolidated financial statements and related disclosures.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848)—Reference Rate Reform on Financial Reporting. The amendments provide temporary optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 applies to contracts that reference LIBOR or another reference rate expected to be terminated because of reference rate reform. This optional guidance may be applied prospectively from any date beginning March 12, 2020 but cannot be applied to modifications that occur after December 31, 2022. We do not currently have any contracts that have been changed to a new reference rate, but we will continue to evaluate our contracts and the effects of this standard on our consolidated financial position, results of operations, and cash flows prior to adoption.

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)", which provides guidance to simplify the issuer's accounting for convertible debt instruments and, among other changes, eliminates some of the conditions for equity classification in for contracts in an entity's own equity and requires enhanced disclosures surrounding the terms and features of convertible instruments. The guidance is effective for annual periods beginning after December 15, 2021 and interim periods within that annual period for public business entities and an entity may early adopt the guidance for annual periods beginning after December 15, 2020. We plan to adopt these amendments on January 1, 2022 and we do not expect this ASU to have a significant impact on our consolidated financial statements and disclosures, as we currently have no convertible debt instruments.

3. Derivative Instruments Accounted for at Fair Value

The Company uses derivative instruments in accordance with its overall risk management policy to mitigate our risk to the effects of unfavorable fluctuations in foreign exchange and interest rate movements.

The Company held no derivatives designated as hedges as of December 31, 2019 and 2020.

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. The fair value accounting standard establishes a three tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

On July 2, 2020, the Company entered into floating-to-fixed interest rate swap agreements with ING Capital Markets LLC ("ING") and Societe Generale ("SocGen") with a termination date of December 31, 2025, to run concurrently with the Terminal Facility. Under these agreements, the notional amounts of the swaps are 80% of the amounts drawn under the Terminal Facility. The interest rate receivable by the Company under these interest

rate swap agreements is 3-month LIBOR, calculated on a 360-day year basis, which resets every three months in line with the dates of interest payments on the Terminal Facility. The interest rate payable by the Company under these interest rate swap agreements is 0.369% and 0.3615% per annum to ING and SocGen respectively, calculated on a 360-day year basis.

The interest rate swaps are remeasured to fair value at each reporting date and have been categorized as level two on the fair value measurement hierarchy.

The fair value of these non-designated derivative instruments is presented as a non-current liability in the Company's consolidated balance sheets and the change in fair value is presented in the consolidated statements of operations. As of December 31, 2020, the interest rate swaps had a fair value liability of $0.1 million and unrealized losses of $0.06 million and $0.05 million on the fair value of the swaps with ING and SocGen, respectively for the year ended December 31, 2020. The remeasurement to fair value has no impact on the cash flows at the reporting date. There is no requirement for cash collateral to be placed with the swap providers under these swap agreements and there is no effect on restricted cash as of December 31, 2020.

The Company entered into a cross-currency interest rate swap agreement concurrently with the issuance of its NOK denominated senior secured bonds (please read Note 11—Senior Secured Bond to our consolidated financial statements) and pursuant to this swap, the Company receives the principal amount of NOK 600 million in exchange for a payment of a fixed amount of $71.7 million on the maturity date of the swap.

In addition, at each quarterly interest payment date, the cross-currency interest rate swap exchanges a receipt of floating interest of 6.0% plus 3-month NIBOR on NOK 600 million for a U.S. Dollar payment of floating interest of 6.608% plus 3-month U.S. LIBOR on the $71.7 million principal amount. The purpose of the cross-currency interest rate swap is to economically hedge the foreign currency exposure on the payments of interest and principal of the Company's NOK denominated 2018 Bonds due to mature in 2023.

The cross-currency interest rate swap is remeasured to fair value at each reporting date and has been categorized as level two on the fair value measurement hierarchy.

The fair value of this non-designated derivative instrument is presented in the Company's consolidated balance sheets and the change in fair value is presented in the consolidated statements of operations. As of December 31, 2020, the cross-currency interest rate swap had a fair value liability of $2.9 million and an unrealized gain of $2.9 million (December 31, 2019, a fair value liability of $5.8 million and an unrealized loss of $0.6 million; December 31, 2018: unrealized losses of $5.2 million).

The remeasurement to fair value has no impact on the cash flows at the reporting date except for the effect on restricted cash. Amounts included in restricted cash represent those required to be set aside as collateral by a contractual agreement with a banking institution for the forecast future liability on the cross-currency interest rate swap agreement at the reporting date. The Company has not offset the fair value of the derivative with the cash collateral account notwithstanding there is a master netting agreement in place. Please read Note 19 —Derivative Instruments and Note 20— Cash, Cash Equivalents and Restricted Cash to our consolidated financial statements.

The fair values of our interest rate swap agreements and the cross-currency interest rate swap is the estimated amount that we would pay to sell or transfer the swap at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties, in addition to foreign exchange rates for the cross currency swap agreement. The estimated amount is the present value of future cash flows, adjusted for credit risk. The Company transacts all of these derivative instruments through investment-grade rated financial institutions at the time of the transaction. It is possible that the amount recorded as a derivative asset or liability could vary by a material amount in the near term if there is volatility in the credit markets or if credit risk were to change significantly.

The fair value of our interest rate swap agreements and cross-currency interest rate swap agreement at the end of each period is most significantly affected by the interest rate implied by the benchmark interest yield curve, including its relative steepness and the forward foreign exchange rates respectively. Interest rates and foreign exchange rates have experienced significant volatility in recent years in both the short and long term. While the fair value of our swap agreements is typically more sensitive to changes in short-term rates, significant changes in the long-term benchmark interest, foreign exchange rates and the credit risk of the counterparties or the Company also materially impact the fair values of our swap agreements.

The following table includes the estimated fair value of those assets and liabilities that are measured at fair value on a recurring basis as at December 31, 2019 and 2020.

		December 31, 2019	December 31, 2020
Fair Value Hierarchy Level	Fair Value Hierarchy Level	Fair Value Asset (Liability)	Fair Value Asset (Liability)
		(in thousands)	
Cross-currency interest rate swap agreement	Level 2	$(5,769)	$(2,896)
Interest rate swap agreements	Level 2	—	(111)

4. Fair Value of Financial Instruments Not Accounted For at Fair Value

The principal financial assets of the Company at December 31, 2019, and 2020 consist of cash, cash equivalents and restricted cash and accounts receivable. The principal financial liabilities of the Company at December 31, 2019 and 2020 consist of accounts payable, accrued expenses and other liabilities, secured term loan facilities, revolving credit facilities and the 2018 Bonds. The 2017 Bonds were outstanding as at December 31, 2019, but were subsequently redeemed and were refinanced by the 2020 Bonds that were an outstanding liability at December 31, 2020.

The carrying values of cash, cash equivalents and restricted cash, accounts receivable, accounts payable, accrued expenses and other liabilities are reasonable estimates of their fair value due to the short-term nature or liquidity of these financial instruments.

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. The fair value accounting standard establishes a three tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

The 2020 Bonds and the 2018 Bonds are classified, and, prior to their redemption, the 2017 Bonds were classified, as a level two liability and the fair values have been calculated based on the most recent trades of the bond on the Oslo Børs prior to December 31, 2020. Theses trades are infrequent and therefore not considered to be an active market. The 2018 Bonds are denominated in Norwegian Kroner ("NOK") and the fair value has been translated to the functional currency of the Company using the prevailing exchange rate as at December 31, 2020.

The fair value of secured term loan facilities and revolving credit facilities is estimated to approximate the carrying value in the balance sheet since it bears a variable interest rate, which is reset on a quarterly basis. This has been categorized at level two on the fair value measurement hierarchy as at December 31, 2020.

The following table includes the estimated fair value and carrying value of those assets and liabilities where the fair value does not approximate to carrying value. The table excludes cash, cash equivalents and restricted cash, accounts receivable, accounts payable, accrued expenses and other liabilities because the fair value approximates carrying value and, for accounts receivable and payable, are due in one year or less.

		December 31, 2019		December 31, 2020	
Fair Value Hierarchy Level	Fair Value Hierarchy Level	Carrying Amount Asset (Liability)	Fair Value Asset (Liability)	Carrying Amount Asset (Liability)	Fair Value Asset (Liability)
			(in thousands)		
2018 Bonds *(note 11)*	Level 2	(68,368)	(69,052)	(70,299)	(72,672)
2017 Bonds *(note 12)*	Level 2	(100,000)	(100,500)	—	—
2020 Bonds *(note 12)*	Level 2	—	—	(100,000)	(103,500)
Secured term loan facilities and revolving credit facilities *(note 10)*	Level 2	(716,942)	(716,942)	(685,930)	(685,930)

5. Operating Revenues

The following table compares our operating revenues by the source of revenue stream for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31, (in thousands)		
	2018	2019	2020
Operating revenues:			
Time charters	$168,500	$168,641	$177,762
Time charters from Luna Pool collaborative arrangements	—	—	606
Voyage charters	141,546	132,744	141,903
Voyage charters from Luna Pool collaborative arrangements	—	—	12,224
Total operating revenues	$310,046	$301,385	$332,495

Time charter revenues

As of December 31, 2020, 19 of the Company's 38 operated vessels, were subject to time charters, eleven of which will expire within one year, six which will expire within three years, and two which will expire after more than five years from the balance sheet date. (December 31, 2019: 25 of the Company's 38 operated vessels, were subject to time charters, 18 of which will expire within one year, three which will expire within three years, and four which will expire after more than five years from the balance sheet date). The estimated undiscounted cash flows for committed time charter revenue expected to be received on an annual basis for ongoing time charters, as of each December 31, is as follows:

	(in thousands)
2021:*	$125,714
2022:	$ 60,065
2023:	$ 48,452
2024:	$ 21,516
2025:	$ 21,480
2026 onwards:	$ 25,578

* The committed time charter revenue for the period ended December 31, 2021 includes an extension to a charter party agreement agreed on January 5, 2021 with a new rate applicable from December 23, 2020.

For time charter revenues accounted for under Topic 842, the amount of accrued income on the Company's consolidated balance sheets was $8.4 million (December 31, 2019: $1.8 million). The amount of hire payments received in advance under time charter contracts, recognized as a liability and reflected within deferred income on the Company's consolidated balance sheets was $10.0 million (December 31, 2019: $11.2 million). Deferred income allocated to time charters will be recognized ratably over time, which is expected to be within one month from December 31, 2020.

Voyage Charter revenues

Voyage charter revenues, which include revenues from contracts of affreightment, are shown net of address commissions.

As of December 31, 2020, for voyage charters and contracts of affreightment, services accounted for under Topic 606, the amount of contract assets reflected within accrued income on the Company's consolidated balance sheets was $11.4 million (December 31, 2019: $4.4 million). Changes in the contract asset balance at the balance sheet dates reflect income accrued after loading of the cargo commences but before an invoice has been raised to the charterer, as well as changes in the number of the Company's vessels contracted under voyage charters or contracts of affreightment. The amount of contract liabilities reflected within deferred income on the Company's consolidated balance sheets was $1.6 million (December 31, 2019: $3.0 million). The opening and closing balance of receivables from voyage charters and contracts of affreightment was $4.2 million and $3.3 million respectively as of December 31, 2020 (December 31, 2019: $7.7 million and $4.2 million respectively) and are reflected within net accounts receivable on our consolidated balance sheets.

The amount allocated to costs incurred to fulfill a contract with a charterer, which are costs incurred following the commencement of a contract or charter party but before the loading of the cargo commences was $1.5 million (December 31, 2019: $1.3 million) and is reflected within prepaid expenses and other current assets on the Company's consolidated balance sheets.

Voyage and Time charter revenues from Luna Pool collaborative arrangements:

Revenues from the Luna Pool collaborative arrangements for year ended December 31, 2020, which are accounted for under ASC 808 – Collaborative Arrangements, represent our share of pool net revenues generated by the other Pool Participant's vessels in the Luna Pool. These include revenues from voyage charters and contracts of affreightment, which are accounted for under Topic 606 in addition to time charter revenues, which are accounted for under Topic 842.

6. Vessels, net

	Vessel (in thousands)	Drydocking (in thousands)	Total (in thousands)
Cost			
December 31, 2018	$2,057,370	$31,908	$2,089,278
Additions	2,910	11,523	14,433
Write-offs of fully amortized assets	—	(7,203)	(7,203)
December 31, 2019	2,060,280	36,228	2,096,508
Additions	2,233	10,192	12,425
Write-offs of fully amortized assets	—	(6,766)	(6,766)
December 31, 2020	$2,062,513	$39,654	$2,102,167
Accumulated Depreciation			
December 31, 2018	$ 400,517	$17,896	$ 418,413
Charge for the period	67,886	7,885	75,771
Write-offs of fully amortized assets	—	(7,203)	(7,203)
December 31, 2019	468,403	18,578	486,981
Charge for the period	68,033	8,231	76,264
Write-offs of fully amortized assets	—	(6,766)	(6,766)
December 31, 2020	$ 536,436	$20,043	$ 556,479
Net Book Value			
December 31, 2018	$1,656,853	$14,012	$1,670,865
December 31, 2019	$1,591,877	$17,650	$1,609,527
December 31, 2020	$1,526,077	$19,611	$1,545,688

The cost and net book value of the 19 vessels that were contracted under time charter agreements (please read Note 16—Operating Lease Liabilities to our consolidated financial statements) was $1,084 million and $839 million respectively as of December 31, 2020 (December 31, 2019: $1,374 million and $1,053 million respectively for 25 vessels contracted under time charters).

The net book value of vessels that serve as collateral for the Company's secured bond, secured term loan and revolving credit facilities (Note 10 and Note 11 to the consolidated financial statements) was $1,359 million as of December 31, 2020 (December 31, 2019: $1,413 million).

The cost and net book value of vessels that are included in the table above and are subject to financing arrangements (please read Note 9—Variable Interest Entities to the consolidated financial statements) was $82.9 million and $71.0 million respectively as of December 31, 2020. (December 31, 2019: $82.9 million and $73.7 million).

7. Investment in Equity Accounted Joint Ventures

Interests in joint ventures are accounted for using the equity method and are recognized initially at cost and subsequently include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases.

As at December 31, 2019 and 2020, we had the following participation in investments that are accounted for using the equity method:

	December 31, 2019	December 31, 2020
Enterprise Navigator Ethylene Terminal L.L.C. ("Export Terminal Joint Venture") . . .	50%	50%
Luna Pool Agency Limited. ("Pool Agency")	—	50%

Export Terminal Joint Venture

In January 2018, the Company entered into definitive agreements creating the Export Terminal Joint Venture. As of December 31, 2020, we had contributed to the Export Terminal Joint Venture $142.5 million of our expected share of the approximate $146.5 million capital cost for the construction of the Marine Export Terminal. On January 21, 2021, we made a capital contribution of $4.0 million, by drawing down on the Terminal Facility, being the final contribution for our expected full share of the capital cost for the construction of the Marine Export Terminal.

The table below represents the Company's investment into the Export Terminal Joint Venture, pursuant to which the Company has a 50% economic interest in building and operating the Marine Export Terminal, as of December 31, 2019 and 2020:

	2019	2020
	(in thousands)	
Investment in equity accounted joint venture at January 1	$ 42,462	$130,660
Equity contributions to joint venture entity	84,500	17,000
Share of results	(1,126)	651
Capitalized interest and deferred financing costs	4,824	354
Total investment in equity accounted joint venture at December 31	$130,660	$148,665

Cumulative interest and associated costs capitalized on the investment in the Export Terminal Joint Venture are being amortized over the estimated useful life of the Marine Export Terminal, which began commercial operations with the export of commissioning cargoes in December 2019. As of December 31, 2020, the unamortized difference between the carrying amount of the investment in the Export Terminal Joint Venture and the amount of the Company's underlying equity in net assets of the Export Terminal Joint Venture was $6.5 million (December 31, 2019: $6.7 million). The costs amortized in the year ended December 31, 2020 were $0.3 million and are presented in the share of result of the equity accounted joint ventures within our consolidated statements of operations. There were no capitalized costs on the investment in the Export Terminal Joint Venture amortized for the years ended December 31, 2018 and 2019.

Equity method gains, excluding amortized costs, recognized in the share of result of equity accounted joint ventures for the year ended December 31, 2020 were $0.9 million (December 31, 2019 and 2018: equity method losses of $1.1 million and $0.04 million respectively).

Impairment of Joint Venture

The equity method investment is reviewed for indicators of impairment when events or circumstances indicate the carrying amount of the investment may not be recoverable. When such indicators are present, we determine if the indicators are 'other than temporary' to determine if an impairment exists. If we determine that an impairment exists, a discounted cash flow analysis is carried out based on the future cash flows expected to be generated over the investment's estimated remaining useful life. The resulting net present value is compared to the carrying value and we would recognize an impairment loss equal to the amount by which the carrying amount exceeds its fair value.

Considerations in identifying if indicators of impairment are present for the equity method investment include significant incidents that have resulted in the forecast future operating cash flows to be amended, such as significant market events that impact the terminal operations and cashflow, physical damage to assets, recurring financial losses for consecutive periods or changes to the Company's equity holding in the investment. As of December 31, 2020, the aggregate carrying value of our investment in the Export Terminal Joint Venture was $148.7 million. We believe that there are no events or circumstances that indicate that the value of the investment in the Export Terminal Joint Venture should be impaired as of December 31, 2020. Accordingly, no impairment charge has been recorded as of December 31, 2020 following the requirements of our U.S. GAAP impairment accounting policy.

Luna Pool Agency Limited

In March 2020, the Company collaborated with Pacific Gas Pte. Ltd. and Greater Bay Gas Co. Ltd. to form and manage the Luna Pool. As part of the formation of the Luna Pool, a new entity, Luna Pool Agency Limited, (the "Pool Agency"), was incorporated in May 2020. The pool participants jointly own the Pool Agency on an equal basis, and both have equal board representation. As of December 31, 2020, we have recognized the Company's initial investment of one British pound in the Pool Agency within investments in equity accounted joint ventures on our consolidated balance sheets. The Pool Agency has no activities other than that as a legal custodian of the Luna Pool bank account and there will be no variability in its financial results, as it has no income and its minimal operating expenses are reimbursed by the Pool Participants.

8. Group Subsidiaries

As of December 31, 2019, and 2020, the company had the following significant subsidiaries:

Corporation Name	Percentage Ownership as of December 31,		Country of Incorporation	Subsidiary of Limited Liability Company
	2019	2020		
- Navigator Gas U.S. L.L.C.	100%	100%	Delaware (USA)	Service company
- Navigator Gas L.L.C.	100%	100%	Marshall Islands	Holding company
~ Navigator Aries L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Atlas L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Aurora L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Centauri L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Ceres L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Ceto L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Copernico L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Capricorn L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Eclipse L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Europa L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Galaxy L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Gemini L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Genesis L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Glory L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Grace L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Gusto L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Jorf L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Leo L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Libra L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Luga L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Magellan L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Mars L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Neptune L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Nova L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Oberon L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Pegasus L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Phoenix L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Prominence L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Saturn L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Scorpio L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Taurus L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Triton L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Umbrio L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Venus L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Virgo L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Yauza L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ NGT Services (UK) Ltd	100%	100%	England	Service company
~ NGT Services (Poland) Sp. z.o.o.	100%	100%	Poland	Service company
~ Navigator Gas Ship Management Ltd.	100%	100%	England	Service company
~ Falcon Funding PTE Ltd	100%	100%	Singapore	Service company
~ Navigator Gas Invest Ltd	100%	100%	England	Investment company
- PT Navigator Khatulistiwa *	49%	49%	Indonesia	Vessel-owning company
~ Navigator Terminals L.L.C.	100%	100%	Marshall Islands	Investment company
~ Navigator Terminal Invest Ltd	100%	100%	England	Investment company
- Navigator Ethylene Terminals L.L.C.	100%	100%	Delaware (USA)	Investment company

* PT Navigator Khatulistiwa is a consolidated VIE where the Company is deemed to be the primary beneficiary.

The above table excludes OCY Aurora Ltd, the lessor variable interest entity (''lessor VIE'') that we have leased a vessel from under a finance lease arrangement. The lessor VIE is a wholly-owned special purpose vehicle ("SPV") of a financial institution. While we do not hold any equity investments in this SPV, we have concluded that we are the primary beneficiary of the lessor VIE and accordingly have consolidated this entity into our financial results. Please read Note 9—Variable Interest Entities to our consolidated financial statements for further details.

9. Variable Interest Entities

As of December 31, 2019 and 2020, the Company has consolidated 100% of PT Navigator Khatulistiwa, a VIE for which the Company is deemed to be the primary beneficiary, i.e. it has a controlling financial interest in this entity. The Company owns 49% of the VIE's common stock, all of its secured debt and has voting control. All economic interests in the residual net assets reside with the Company. A VIE is an entity that in general does not have equity investors with voting rights or that has equity investors that do not provide sufficient financial resources for the entity to support its activities. A controlling financial interest in a VIE is present when a company has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and has the right to residual gains or the obligation to absorb losses that could potentially be significant to the VIE. By virtue of the accounting principle of consolidation, transactions between PT Navigator Khatulistiwa and the Company are eliminated on consolidation.

The VIE, PT Navigator Khatulistiwa, had total assets and liabilities, as of December 31, 2020, of $125.9 million and $9.5 million respectively (December 31, 2019: $123.1 million and $20.4 million respectively). These amounts have been included in the Company's consolidated balance sheets as of December 31, 2019 and 2020.

On October 21, 2019, the Company entered into a sale and leaseback to refinance one of its vessels, *Navigator Aurora*. The sale price agreed was $77.5 million, with the buyer paying 90% of the vessel's value, or $69.75 million and prepaid hire representing the remaining 10%. From the proceeds, $44.5 million was used to repay the vessel's secured tranche of the December 2015 secured revolving credit facility. Simultaneous with this sale, the Company entered into a bareboat charter for the vessel for a period of up to 13 years, with purchase options at years 5, 7 and 10. The transaction does not meet the criteria to be accounted for as a sale under ASU. 2014-09, Revenue from Contracts with Customers (Topic 606), and therefore has been accounted for as a financing transaction.

Following the sale and leaseback refinancing transaction, *Navigator Aurora* is owned by OCY Aurora Ltd., a Maltese limited liability company. OCY Aurora Ltd. is a wholly owned subsidiary of Ocean Yield Malta Limited, whose parent is Ocean Yield ASA, a listed company on the Oslo stock exchange. The Company does not hold any shares or voting rights in OCY Aurora Ltd. Under U.S. GAAP the entity, OCY Aurora Ltd, is considered to be a VIE (variable interest entity).

As of December 31, 2019 and 2020, the Company has consolidated 100% of OCY Aurora Ltd., the lessor variable interest entity (''lessor VIE'') that we have leased *Navigator Aurora* from under a sale and leaseback arrangement. The lessor VIE is a wholly-owned, newly formed special purpose vehicle ("SPV") of a financial institution. We have applied the guidance within Topic 810 – Consolidation and concluded that the Company has a variable interest in the SPV, the SPV is categorized under U.S. GAAP as a VIE, and the Company has concluded it is the primary beneficiary and under U.S. GAAP must therefore consolidate the SPV within its financial statements. The SPV was a VIE within the scope of the variable interest model as OCY Aurora Ltd. was formed as a Limited Liability Company, meets the definition of a legal entity in the Codification and none of the VIE scope exemptions in 810-10-15-12 or 810-10-15-17 apply. We have concluded that we have a variable interest in the SPV because the bareboat charter has fixed price call options to acquire *Navigator Aurora* from the SPV at various dates throughout the 13 year lease/bareboat charter term, commencing from the fifth year, initially at USD 44.8 million. The call options are considered to be variable interests as each option effectively transfers substantially all of the rewards from *Navigator Aurora* to us and effectively caps the SPV's ability to benefit from the rewards of ownership.

The Company must evaluate whether we are the primary beneficiary of a VIE after concluding that the SPV is in the scope of the variable interest model, we have a variable interest in the entity and the SPV is a VIE. As

outlined in ASC 810-10-25-38 an entity has a controlling financial interest in a VIE and must consolidate the VIE if it has both power and benefits, that is, it has (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance (power) and (2) the obligation to absorb losses or the right to receive benefits from the VIE that potentially could be significant to the VIE (benefits). The Company has performed an analysis and concluded that the Company exercises power through the exercise of the call options in the lease agreement. The call options, although not an activity of the SPV, if exercised would significantly impact the SPV's economic performance as the SPV owns no other revenue generating assets. The options transfer to the Company the right to receive benefits as they are struck at a predetermined price. The SPV is not able to benefit from and is protected from decreases in the value of the vessel. If the vessel's market value declines (either due to market forces or the condition of the vessel), then the call option will provide the SPV protection up to the point where it would not be economically viable for the Company to exercise the option. In addition, the Company has the power to direct decisions over the activities and care of the vessel which directly impact its value such as for the day-to-day commercial, technical management and operation of the vessel. The Company may choose to appoint managers other than those named in the agreement to manage the vessel, to which the SPV must consent and which cannot be "unreasonably withheld".

While we do not hold any equity investments in this lessor VIE, we have concluded that we are the primary beneficiary of the lessor VIE under U.S. GAAP and accordingly we are required to consolidate this lessor VIE into our financial results. Accordingly, although consolidated into our results, we have no control over the funding arrangements negotiated by this lessor VIE entity such as interest rates, maturity and repayment profiles. In consolidating the lessor VIE into our financial results, we must make assumptions regarding the debt amortization profile and the interest rate to be applied against the lessor VIE's debt principal. Furthermore, our estimation process is dependent upon the timeliness of receipt and accuracy of financial information provided by the lessor VIE entity.

By virtue of the accounting principle of consolidation, transactions between consolidated entities are eliminated and accordingly the sale and leaseback refinancing transaction with OCY Aurora is not shown as a liability in the Company's consolidated balance sheets, being superseded by the Navigator Aurora Facility between OCY Aurora and Ocean Yield Malta Limited. Please read Note 21—Related Party Transactions to our consolidated financial statements. Under the sale and leaseback transaction we are committed to monthly principal payments until the year five purchase option which include interest payable at a rate of U.S. LIBOR plus 430 basis points per annum.

The lessor VIE, OCY Aurora Ltd., had total assets and liabilities, as of December 31, 2020, of $63.5 million and $61.7 million, respectively (December 31, 2019: $69.1 million and $69.0 million respectively). These amounts have been included in the Company's consolidated balance sheets as of December 31, 2019 and 2020. The liabilities mainly consist of a seven year unsecured loan facility provided by OCY Malta Limited, the parent of OCY Aurora Ltd., The loan facility is subordinated to a further bank loan where OCY Aurora Ltd. is the guarantor and *Navigator Aurora* is pledged as security. (please read Note 10—Secured Term Loan Facilities and Revolving Credit Facilities to the consolidated financial statements)

The assets and liabilities of the lessor VIE that most significantly impact the Company's consolidated balance sheets and the financial statement line items in which they are presented, as of December 31, 2019 and 2020, are as follows:

	December 31, 2019	December 31, 2020
	(in thousands)	
Assets		
Cash, cash equivalents and restricted cash	$ 796	$ 215
Liabilities		
Amounts due to related parties, current	$ (451)	$ (229)
Amounts due to related parties, non-current	(68,206)	(61,361)
	$(68,657)	$(61,590)

The most significant impact of the lessor VIE's operations on the Company's consolidated statements of operations is interest expense of $1.8 million for the year ended December 31, 2020 (December 31, 2019: $0.5 million). The most significant impact of the lessor VIE's cash flows on the Company's consolidated statements of cash flows is net cash used in financing activities of $6.8 million for the year ended December 31, 2020 (December 31, 2019: net cash provided by financing activities of $69.1 million). The lessor VIE was incorporated in 2019 and so there was no impact on our consolidated statements of operations or cash flows for the year ended December 31, 2018.

10. Secured Term Loan Facilities and Revolving Credit Facilities

The table below represents the annual principal payments to be made under our term loans and revolving credit facilities after December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	(in thousands)	
Due within one year	$ 66,534	$ 67,936
Due in two years	66,534	124,479
Due in three years	259,053	202,353
Due in four years	193,078	175,413
Due in five years	9,150	54,388
Due in more than five years*	122,593	61,361
Total secured term loans and revolving credit facilities	$716,942	$685,930
Less: current portion	66,534	67,936
Secured term loan facilities and revolving credit facility, non-current portion*	$650,408	$617,994

* Includes amounts relating to the Navigator Aurora Facility held within a lessor entity (for which legal ownership resides with financial institutions) that we are required to consolidate under U.S. GAAP into our financial statements as a variable interest entity (Please read Note 9—Variable Interest Entities to our consolidated financial statements)

Terminal Facility. On March 29, 2019, Navigator Ethylene Terminals LLC, a wholly-owned subsidiary of the Company (the "Marine Terminal Borrower"), entered into a Credit Agreement (the "Terminal Facility") with ING Capital LLC and SG Americas Securities, LLC for a maximum principal amount of $75.0 million, to be used first for the payment of project costs relating to our Marine Export Terminal. The Terminal Facility is comprised of an initial construction loan, followed by a term loan with a final maturity occurring on the earlier of (i) five years from completion of the Marine Export Terminal and (ii) December 31, 2025.

Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 250 to 300 basis points per annum over the term of the facility, for interest periods of three or six months. The Marine Terminal Borrower may voluntarily prepay indebtedness at any time, without premium or penalty, in whole or in part upon prior written notice to the facility agent.

The Terminal Facility is subject to quarterly repayments of principal and interest after the completion of the Marine Export Terminal, with quarterly principal repayments of between $3.4 million and $3.8 million commencing from March 31, 2021. The Marine Terminal Borrower must make mandatory prepayments of indebtedness upon specified amounts of excess cash flow, the receipt of performance liquidated damages pursuant to certain material contracts related to the Marine Export Terminal, the receipt of proceeds in connection with an event of loss (as defined in the Terminal Facility), the receipt of proceeds in connection with termination payments (as defined in the Terminal Facility), the receipt of proceeds in connection with certain

dispositions by the Export Terminal Joint Venture, the incurrence of certain specified indebtedness, the inability to meet the conditions for paying a dividend for four or more consecutive quarters, dispositions of the Marine Terminal Borrower's equity interests in the Export Terminal Joint Venture, the receipt of indemnity payments in excess of $500,000 and certain amounts of any loans outstanding upon the conversion date.

The loans under the Terminal Facility are secured by first priority liens on the rights to the Marine Terminal Borrower's distributions from the Export Terminal Joint Venture, the Marine Terminal Borrower's assets and properties and the company's equity interests in the Marine Terminal Borrower. Under the Terminal Facility, the Marine Terminal Borrower must maintain a minimum debt service coverage ratio (as defined in the Terminal Facility) for the prior four calendar fiscal quarters (or shorter period of time if data for the prior four fiscal quarters is not available) of no less than 1.10 to 1.00 from the beginning of the second full fiscal quarter of the term loan, being June 1, 2021.

Following completion of the Marine Export Terminal, the Marine Terminal Borrower can only pay dividends if the Marine Terminal Borrower satisfies certain customary conditions to paying a dividend, including maintaining a debt service coverage ratio for the immediately preceding four consecutive fiscal quarters and the projected immediately succeeding four consecutive fiscal quarters of not less than 1.20 to 1.00 and no default or event of default has occurred or is continuing. The Terminal Facility also limits the Marine Terminal Borrower from, among other things, incurring indebtedness or entering into mergers and divestitures. The Terminal Facility also contains general covenants that will require the Marine Terminal Borrower to vote its interest in the Export Terminal Joint Venture to cause the Export Terminal Joint Venture to maintain adequate insurance coverage, maintain its property (but only to the extent the Export Terminal Borrower has the power under the organizational documents of the Marine Terminal Joint Venture to cause such actions).

On August 4, 2020, the Terminal Facility was amended to allow the Company an early true-up of $34.0 million, enabling those funds to be immediately drawn for general corporate purposes due to previous capital contributions for the Marine Export Terminal being paid from the Company's own resources.

On December 23, 2020, the Terminal Facility was amended to allow the Company to, among other things, make a Restricted Payment on the Conversion Date in an amount equal to the lesser of $20,000,000 and the remaining amount of the aggregate Commitment Availability as of such date, and to enable those funds not yet drawn as at December 31, 2020 to be made available until January 31, 2021.

ASC 470-50—Debt Modifications states that if an amendment to the terms of a loan results in the present value of future cash flows being modified by more than 10%, it is considered to have 'substantially different terms' from the original loan and is accounted for as a debt extinguishment and the new loan treated as the issuance of new debt. The 10% cash flow test was performed by management after both amendments, and it was concluded that the present value of future cash flows was not modified by more than 10% as a result of the amendments.

As of December 31, 2020, the Company had drawn down $51.0 million on this facility. Based on the existing committed throughput for the Marine Export Terminal approved by the lenders and subject to the satisfaction of certain conditions to the ability to borrow under the Terminal Facility, an additional $18.0 million was available to be drawn down under the Terminal Facility as of December 31, 2020. In addition, we had a $7.5 million unused letter of credit available to be drawn to be used solely to make capital repayments on the Terminal Facility.

On May 6, 2021, the Company obtained a waiver from the lenders under the Terminal Facility, which is retrospective with effect from the date of its inception, to correct a technical inconsistency in the Terminal Facility, involving a restrictive covenant relating to taking affirmative action regarding the treatment of tax status of the borrower as a corporation for U.S. federal, state or local income tax purposes. The waiver requires among other things, within 90 days after the date of the waiver, the parties to the Terminal Facility to amend the credit agreement and other loan documentation to remediate the inconsistency and to set aside and fund a tax reserve, based on an agreed periodic basis, of future tax liabilities. Management has concluded that it is probable that these requirements will be complied with within the required 90 days and therefore classification of the long term portion of the loan as non-current is appropriate.

January 2015 Secured Term Loan Facility. On January 27, 2015 the Company entered into a secured term loan facility with Credit Agricole Corporate and Investment Bank as agent as well as HSH Nordbank AG and NIBC Bank N.V. to refinance the April 2013 $120.0 million secured term loan facility, as well as to provide financing for an additional five existing newbuildings. The January 2015 secured term loan facility has a term of up to seven years from the loan drawdown date with a maximum principal amount of up to $278.1 million. The aggregate fair market value of the collateral vessels must be no less than 135% of the aggregate outstanding borrowing under the facility. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 270 basis points per annum. The deferred finance costs associated with the extinguishment of the previous $120.0 million facility were written off in full. The facility is fully drawn and as of December 31, 2020 the amount still outstanding was $99.8 million which is repayable for each vessel tranche in quarterly installments of between $0.5 million and $0.6 million for seven years from the date of each vessel drawdown followed by a final payment of between $15.6 million and $18.3 million after each seven year term ends. During the year ended December 31, 2019, the Company entered into the March 2019 secured term loan facility which refinanced four of the vessels that were previously in the January 2015 secured term loan facility.

This loan facility is secured by first priority mortgages on each of; *Navigator Umbrio, Navigator Centauri, Navigator Ceres, Navigator Ceto* and *Navigator Copernico* as well as assignments of earnings and insurances on these secured vessels. The financial covenants each as defined within the credit facility are: a) the maintenance at all times of cash and cash equivalents in an amount equal to or greater than (i) $25.0 million and (ii) 5% of the total indebtedness; b) a ratio of EBITDA to interest expense of not less than 3:1; and c) maintain a ratio of total stockholders' equity to total assets of not less than 30%. As of December 31, 2020, the Company was in compliance with all covenants contained in this credit facility.

December 2015 Secured Revolving Credit Facility. On December 21, 2015 the Company entered into a secured revolving credit facility with Nordea Bank AB and ABN Amro Bank N.V as agents, to provide financing for six vessels**.** The December 2015 secured revolving credit facility has a term of seven years from the loan arrangement date (expiring in December 2022) with a maximum principal amount of up to $290.0 million. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 210 basis points per annum. The aggregate fair market value of the collateral vessels must be no less than 125% of the aggregate outstanding borrowing under the facility.

On October 21, 2019 the Company entered into a sale and leaseback to refinance one of its vessels, *Navigator Aurora*. The sale price agreed was $77.5 million, with the buyer paying 90% of the vessel's value, or $69.75 million and prepaid hire representing the remaining 10%. From the proceeds, $44.5 million was used to repay the vessel's secured tranche of December 2015 secured revolving credit facility. The portion of deferred finance costs associated with the extinguishment of this tranche of the facility were written off in full.

This loan facility was secured by first priority mortgages on each of; *Navigator Eclipse, Navigator Nova, Navigator Prominence, Navigator Luga* and *Navigator Yauza* as well as assignments of earnings and insurances on these secured vessels. The financial covenants each as defined within the credit facility are: a) the maintenance at all times of cash and cash equivalents in an amount equal to or greater than (i) $25.0 million and (ii) 5 per cent of the total indebtedness; b) a ratio of EBITDA to interest expense of not less than 2:1 up to and including September 30, 2020, after which it will revert to 3:1; and c) maintain a ratio of total stockholders' equity to total assets of not less than 30%. The Company also paid a commitment fee of 0.74% per annum based on any undrawn portion of the facility. In September 2020, the facility was repaid using the proceeds from the new September 2020 Secured Revolving Credit facility.

October 2016 Secured Term Loan and Revolving Credit Facility. On October 28, 2016 the Company entered into a secured term loan and revolving credit facility with ABN Amro Bank N.V as agents as well as Nordea Bank AB, London Branch; DVB Bank SE and Skandinaviska Enskilda Banken AB. The facility has a term of seven years from the first utilization date (expiring in December 2023) with a maximum principal amount of up to $220.0 million. The facility has an undrawn amount of $20.0 million from the revolving portion

of the facility and as of December 31, 2020, the outstanding balance drawn on the secured term loan, newbuilding loan and revolving credit facility was $94.7 million which is repayable in 11 quarterly amounts of approximately $4.1 million, followed by a final repayment of $50.0 million on November 28, 2023.

Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 260 basis points per annum. The aggregate fair market value of the collateral vessels must be no less than 125% of the aggregate outstanding borrowing under the facility.

This facility is secured by first priority mortgages on each of: *Navigator Gemini*, *Navigator Leo, Navigator Libra, Navigator Pegasus*, *Navigator Phoenix*, *Navigator Taurus* and *Navigator Jorf* as well as assignments of earnings and insurances on these secured vessels. The financial covenants each as defined within the credit facility are: a) the maintenance at all times of cash and cash equivalents in an amount equal to or greater than (i) $25.0 million and (ii) 5 per cent of the total indebtedness; b) a ratio of EBITDA to interest expense of not less than 3:1; and c) maintain a ratio of total stockholders' equity to total assets of not less than 30%. The Company also pays a commitment fee of 0.91% per annum based on any undrawn portion of the facility. As of December 31, 2020, the Company was in compliance with all covenants contained in this credit facility.

June 2017 Secured Term Loan and Revolving Credit Facility. On June 30, 2017, the Company entered into a secured term loan and revolving credit facility with Nordea Bank AB (Publ.), Filial I Norge, BNP Paribas, DVB Bank America N.V., ING Bank N.V. London Branch and Skandinaviska Enskilda Banken AB (Publ.) for a maximum principal amount of $160.8 million (the "June 2017 Secured Term Loan and Revolving Credit Facility"). The facility has $100.0 million as a secured term loan and $60.8 million available in a revolving credit facility with a term of six years from the date of the agreement (expiring in June 2023) with a maximum principal amount of up to $160.8 million. The facility is fully drawn and as of December 31, 2020, the outstanding balance drawn on the loan and credit facility was $103.1 million which is repayable in 9 quarterly amounts of approximately $4.1 million followed by a final repayment of $65.9 million on June 30, 2023.

Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 230 basis points per annum. The aggregate fair market value of the collateral vessels must be no less than 125% of the aggregate outstanding borrowing under the facility.

The facility is secured by first priority mortgages on each of *Navigator Galaxy, Navigator Genesis, Navigator Grace, Navigator Gusto, Navigator Glory, Navigator Capricorn, Navigator Scorpio* and *Navigator Virgo*, as well as assignment of earnings and insurances on these secured vessels. The financial covenants each as defined within the credit facility are: a) the maintenance at all times of cash and cash equivalents in an amount equal to or greater than (i) $25.0 million and (ii) 5 per cent of the total indebtedness; b) a ratio of EBITDA to interest expense of not less than 2.5:1; and c) maintain a ratio of total stockholders' equity to total assets of not less than 30%. The Company also pays a commitment fee of 0.91% per annum based on any undrawn portion of the facility. As of December 31, 2020, the Company was in compliance with all covenants contained in this credit facility.

March 2019 Secured Term Loan Facility. On March 25, 2019 the Company entered into a secured term loan with Credit Agricole Corporate and Investment Bank, ING Bank N.V. London Branch and Skandinaviska Enskilda Banken AB (Publ.) for a maximum principal amount of $107.0 million (the "March 2019 Secured Term Loan"), to partially re-finance our January 2015 secured term loan facility that was due to mature in June 2020. The full amount of $107.0 million was drawn on March 28, 2019. The repayment of the loan, secured by four of our vessels was $75.6 million, leaving net proceeds of $31.4 million for fees and general corporate purposes. The facility has a term of six years from the date of the agreement and expires in March 2025, is fully drawn down and as of December 31, 2020, the amount still outstanding was $91.0 million which is repayable in 16 equal quarterly instalments of approximately $2.3 million followed by a final payment of $54.4 million on the final quarterly repayment date on March 25, 2025. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 240 basis points per annum.

ASC 470-50—Debt Modifications states that if re-financing of a loan results in the present value of future cash flows being modified by more than 10%, it is considered to have 'substantially different terms' from the original loan and is accounted for as a debt extinguishment and the new loan treated as the issuance of new debt. The 10% cash flow test was performed, and it was concluded that the present value of future cash flows on a lender-by-lender basis have not been modified by more than 10%. Issuance costs for the March 2019 Secured Term Loan of $1.4 million, together with previously unamortized issuance costs of $1.0 million have been deferred and will be amortized over the facility term on the effective rate basis.

This loan facility is secured by first priority mortgages on each of; *Navigator Atlas, Navigator Europa, Navigator Oberon,* and *Navigator Triton* as well as assignments of earnings and insurances on these secured vessels. The financial covenants each as defined within the credit facility are: a) the maintenance at all times of cash and cash equivalents in an amount equal to or greater than (i) $35.0 million, or (ii) 5% of Net Debt or total debt, as applicable, whichever is greater; and the aggregate fair market value of the collateral vessels must be no less than 130% of the aggregate outstanding borrowing under the facility. As of December 31, 2020, the Company was in compliance with all covenants contained in this credit facility.

September 2020 Secured Revolving Credit Facility. On September 17, 2020, the Company entered into a secured revolving credit facility with Nordea Bank ABP, Credit Agricole Corporate and Investment Bank, ING Bank N.V. London Branch, National Australia Bank, ABN AMRO Bank N.V. and BNP Paribas S.A. for a maximum principal amount of $210.0 million (the "September 2020 Secured Revolving Credit Facility"), to refinance our December 2015 secured revolving credit facility that was due to mature in December 2022.

The facility is due to mature in September 2024, but contains an option, subject to the consent of the Lenders, exercisable 12 to 36 months after the date of the agreement, to extend the maturity date of the facility by 12 months to September 2025. As of December 31, 2020, an initial amount of $185.0 million of the $210.0 million was drawn and outstanding, which was used to repay the December 2015 secured revolving credit facility and associated fees. Interest on the September 2020 secured revolving credit facility is payable quarterly at U.S. LIBOR plus 250 basis points. The facility has an undrawn amount of $17.6 million as of December 31, 2020. The amount of the total facility shall be reduced semi-annually on June 30 and December 31 by an amount of $7.4 million followed by a final balloon payment on September 17, 2024, of $150.9 million.

ASC 470-50—Debt Modifications states that if re-financing of a revolving line of credit facility results in the borrowing capacity of the new arrangement being greater or equal to the borrowing capacity of the old arrangement, then any unamortized deferred costs, any fees paid to the lender, and any third-party costs incurred shall be associated with the new arrangement. The comparison of borrowing capacity was performed, and it was concluded that the borrowing capacity of the September 2020 Secured Revolving Credit Facility on a lender-by-lender basis was greater than that of the December 2015 secured revolving credit facility for all of the lenders in the syndicate for both revolving line of credit facilities.

One lender exited the revolving line of credit facility syndicate and unamortized deferred finance costs of $0.2 million associated with the re-financed December 2015 secured revolving credit facility and apportioned to that lender were written off. One lender entered the revolving line of credit facility syndicate and is considered a new arrangement and not a modification of the December 2015 secured revolving credit facility. Therefore, both the portion of lender fees and the apportioned third-party costs associated with the new lender in the syndicate, being $0.2 million, will be deferred as debt issuance costs and amortized by the interest method over the life of the term of the new facility arrangement. In total, unamortized deferred costs of $0.8 million and issuance costs for the September 2020 Secured Revolving Credit Facility of $1.9 million have been deferred and are being amortized over the facility term using the effective rate method.

This loan facility is secured by first priority mortgages on each of *Navigator Eclipse, Navigator Luga, Navigator Nova, Navigator Prominence*, and *Navigator Yauza* as well as assignments of earnings and insurances on these secured vessels. The financial covenants each as defined within the credit facility are: a) the maintenance at all

times of cash and cash equivalents in an amount equal to or greater than (i) $35.0 million, or (ii) 5% of total indebtedness (as defined by the September 2020 Secured Revolving Credit Facility agreement), as applicable; b) the maintenance of the ratio of total stockholders' equity to total assets (both as defined by the September 2020 Secured Revolving Credit Facility agreement) of not less than 30% and the aggregate outstanding borrowing under the facility must be no more than 65% of the aggregate fair market value of the collateral vessels. Interest on amounts drawn is payable at a rate of U.S. LIBOR plus 250 basis points per annum. As of December 31, 2020, the Company was in compliance with all covenants contained in this revolving credit facility.

Navigator Aurora Facility. In October 2019, the SPV, OCY Aurora Ltd, which owns *Navigator Aurora*, entered into secured financing agreements for $69.1 million consisting of a loan facility, the "Navigator Aurora Facility" which is denominated in USD. The Navigator Aurora Facility is a seven year unsecured loan provided by OCY Malta Limited, the parent of OCY Aurora Ltd. The Navigator Aurora Facility bears interest at 3 month U.S. LIBOR plus a margin of 185 basis points and is repayable with a balloon payment on maturity. As of December 31, 2020, there was $61.3 million in borrowings outstanding under the Navigator Aurora Facility (December 31, 2019: $68.1 million). The Navigator Aurora Facility is subordinated to a further bank loan where OCY Aurora Ltd. is the guarantor and *Navigator Aurora* is pledged as security. The likelihood of the Company having to make any payments under the guarantee is remote. The shipbroker appraised value of *Navigator Aurora* exceeded the borrowings outstanding under the Navigator Aurora Facility by approximately $14.0 million as of December 31, 2020. The fair value of the vessel is significantly greater than the amount of the senior bank loan it is pledged against, and therefore the guarantee made by the SPV to the lenders of the subordinated loan where OCY Malta Ltd is the borrower has negligible fair value.

The following table shows the breakdown of secured term loan facilities and total deferred financing costs split between current and non-current liabilities as of December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	(in thousands)	
Current Liability		
Current portion of secured term loan facilities	$ 66,534	$ 67,936
Less: current portion of deferred financing costs	(1,831)	(2,274)
Current portion of secured term loan facilities, net of deferred financing costs	$ 64,703	$ 65,662
Non-Current Liability		
Secured term loan facilities and revolving credit facilities net of current portion*	$650,408	$617,994
Less: non-current portion of deferred financing costs*	(3,680)	(4,183)
Non-current secured term loan facilities and revolving credit facilities, net of current portion and non-current deferred financing costs	$646,728	$613,811

* Includes amounts relating to the Navigator Aurora Facility held within a lessor entity (for which legal ownership resides with a financial institution) that we are required to consolidate under U.S. GAAP into our financial statements as a variable interest entity Please read Note 9—Variable Interest Entities to our consolidated financial statements.

11. Senior Secured Bond

On November 2, 2018, the Company issued senior secured bonds in an aggregate principal amount of NOK 600 million with Nordic Trustee AS as the bond trustee (the "2018 Bonds"). The net proceeds were used to partially finance our portion of the capital cost for the construction of the Marine Export Terminal. The 2018 Bonds are governed by Norwegian law and are listed on the Nordic ABM which is operated and organized by Oslo Børs ASA. The 2018 Bonds bear interest at a rate of 3-month NIBOR plus 6.0% per annum, calculated on a 360-day year basis and mature on November 2, 2023. Interest is payable quarterly in arrears on February 2, May 2, August 2 and November 2. The 2018 Bonds are secured by four of the Company's ethylene capable semi-refrigerated liquefied gas carriers.

On the same date, the Company entered into a cross-currency interest rate swap agreement with Nordea Bank Abp ("Nordea"), with a termination date of November 2, 2023, to run concurrently with the 2018 Bonds. The interest rate payable by the Company under this cross-currency interest rate swap agreement is 6.608% plus 3-month U.S. LIBOR and the transfer of the principal amount fixed at $71.7 million upon maturity in exchange for NOK 600 million. Please read Note 19—Derivative Instruments to our consolidated financial statements. For a description of our accounting policy in relation to the cross-currency interest rate swap, please read Note 2 — Summary of Significant Accounting Policies to our consolidated financial statements.

The Company may redeem the 2018 Bonds, in whole or in part, at any time beginning on or after November 2, 2021. Any 2018 Bonds redeemed from November 2, 2021 until November 1, 2022, are redeemable at 102.4% of par, from November 2, 2022 until May 1, 2023, are redeemable at 101.5% of par, and from May 2, 2023 to the maturity date are redeemable at 100% of par, in each case, in cash plus accrued interest.

Additionally, upon the occurrence of a "Change of Control Event" (as defined in the agreement governing the 2018 Bonds (the "2018 Bond Agreement"), the holders of 2018 Bonds have an option to require us to repay such holders' outstanding principal amount of 2018 Bonds at 101% of par, plus accrued interest.

The financial covenants each as defined within the bond agreement are: (a) The issuer shall ensure that the Group (meaning "the Company and its subsidiaries") maintains a minimum liquidity of no less than $25.0 million and (b) maintain a Group equity ratio of at least 30% (as defined in the 2018 Bond Agreement). As of December 31, 2020, the Company was in compliance with all covenants for the 2018 Bonds.

The 2018 Bond Agreement provides that we may declare dividends from January 1, 2020, payable at the earliest from January 1, 2021 so long as such dividends do not exceed 50% of our cumulative consolidated net profits after taxes from January 1, 2020. The 2018 Bond Agreement also limits us and our subsidiaries from, among other things, entering into mergers and divestitures, engaging in transactions with affiliates or incurring any additional liens which would have a material adverse effect. In addition, the 2018 Bond Agreement includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, false representation and warranty, a cross-default to other indebtedness, the occurrence of a material adverse effect, or our insolvency or dissolution.

The following table shows the breakdown of our senior secured bond and total deferred financing costs as of December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	(in thousands)	
Senior Secured Bond		
Total Bond	$68,368	$70,299
Less deferred financing costs	(865)	(719)
Total Bond, net of deferred financing costs	$67,503	$69,580

12. Senior Unsecured Bonds

On September 10, 2020 the Company issued senior unsecured bonds in an aggregate principal amount of $100.0 million with Nordic Trustee AS as the bond trustee (the "2020 Bonds"). The net proceeds of the issuance of the 2020 Bonds were used to redeem in full all of our outstanding 2017 Bonds which were due to mature in full on February 10, 2021 and become repayable on that date. The 2020 Bonds are governed by Norwegian law and listed on the Nordic ABM which is operated and organized by Oslo Børs ASA.

ASC 470-50—Debt Modifications states that a liability is considered to have been extinguished if either a) the debtor pays the creditor and is relieved of the obligation for the liability or b) the debtor is legally released from being the primary obligator under the liability either judicially or by the creditor. The net proceeds of the issuance of the 2020 Bonds were used to redeem in full all of our outstanding 2017 Bonds, and the Company has been relieved of the obligation for the liability. The redemption of the 2017 Bonds is accounted for as a debt extinguishment and the issuance of the 2020 Bonds is treated as the issuance of new debt.

On redemption of the 2017 Bonds, the Company recognized a loss on extinguishment of $0.5 million, being the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt. Issuance costs for the 2020 Bonds of $2.0 million have been deferred and are being amortized over the term of the 2020 Bonds using the effective rate method.

The 2020 Bonds bear interest at a rate of 8.0% per annum and mature on September 10, 2025. Interest is payable semi-annually in arrears on March 10 and September 10.

The 2020 Bonds are redeemable by the Company, in whole or in part, at any time. Any 2020 Bonds redeemed; up until September 9, 2023 will be priced at the aggregate of the net present value of 103.2% of par and interest payable up to September 9, 2023; from September 10, 2023 up until September 9, 2024, are redeemable at 103.2% of par; from September 10, 2024 up until March 9, 2025, are redeemable at 101.6% of par, and from March 10 to the maturity date are redeemable at 100% of par, in each case, in cash plus accrued interest.

Additional financial covenants (each as defined within the bond agreement governing the 2020 Bonds (the "2020 Bond Agreement")) are: (a) The issuer shall ensure that the Group (meaning "the Company and its subsidiaries") maintains a minimum liquidity of no less than $35.0 million; and (b) maintain a Group equity ratio (as defined in the 2020 Bond Agreement) of at least 30%. As of December 31, 2020, the Company was in compliance with all covenants for the 2020 Bonds.

The 2020 Bond Agreement provides that we may declare or pay dividends to shareholders provided that the Company maintains a minimum liquidity of $60.0 million unless an event of default has occurred and is continuing. The 2020 Bond Agreement also limits us and our subsidiaries from, among other things, entering into mergers and divestitures, engaging in transactions with affiliates or incurring any additional liens which would have a material adverse effect. In addition, the 2020 Bond Agreement includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, false representation and warranty, a cross-default to other indebtedness, the occurrence of a material adverse effect, or our insolvency or dissolution.

The following table shows the breakdown of our senior unsecured bonds and total deferred financing costs as of December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	(in thousands)	
Senior Unsecured Bonds		
Total 2017 Bonds	$100,000	$ —
Total 2020 Bonds	—	100,000
Less deferred financing costs	(1,487)	(1,842)
Total Bonds, net of deferred financing costs	$ 98,513	$ 98,158

13. Earnings per Share

Basic earnings per share is calculated by dividing the net income/(loss) available to common shareholders by the average number of common shares outstanding during the periods. Diluted earnings per share is calculated by adjusting the weighted average number of common shares used for calculating basic earnings per share for the effects of all potentially dilutive shares.

The following table shows calculation of both basic and diluted number of weighted average outstanding shares for the years ended December 31, 2018, 2019 and 2020:

	December 31, 2018	December 31, 2019	December 31, 2020
Basic and diluted loss available to common stockholders (in thousands)	(5,739)	(16,706)	(443)
Basic weighted average number of shares	55,629,023	55,792,711	55,885,376
Effect of dilutive potential share options*:	—	—	—
Diluted weighted average number of shares	55,629,023	55,792,711	55,885,376

* Due to a loss for the years ended December 31, 2018, 2019 and 2020, no incremental shares are included because the effect would be antidilutive. The number of potential dilutive shares excluded from the calculation for the year ended December 31, 2020, is 344,472 (December 31, 2018 and 2019: 349,237 and 349,870, respectively)

14. Share-Based Compensation

During 2013, the Company's Board adopted the 2013 Restricted Stock Plan (the "2013 Plan"), which entitled officers, employees, consultants and directors of the Company to receive grants of restricted stock of the Company's common stock or share options in the Company's common stock. This 2013 Plan is administered by the Board or a committee of the Board.

The 2013 Plan is administered by the Compensation Committee with certain decisions subject to approval of our Board. The maximum aggregate number of common shares that may be delivered pursuant to options or restricted stock awards granted under the 2013 Plan is 3,000,000 shares of common stock. A holder of restricted stock, awarded under the 2013 Plan, shall have the same voting and dividend rights as the Company's other common stockholders in relation to those shares.

Share awards

On March 19, 2020, the Company granted 37,975 restricted shares under the Navigator Holdings Ltd. 2013 Long-Term Incentive Plan (the "2013 Plan") to non-employee directors with a weighted average value of $7.90 per share. These restricted shares vest on the first anniversary of the grant date. On the same date the Company granted 17,240 restricted shares to the Executive Chairman of the Board and 23,957 restricted shares to the officers and employees of the Company with a weighted average value of $7.90 per share. These restricted shares vest on December 31,2021 and the third anniversary of the grant date, respectively.

During the year ended December 31, 2020, 27,125 shares that were granted to non-employee directors on March 20, 2019 under the 2013 Plan vested with a weighted average grant value of $11.06 per share, which had a fair value of $114,739. In addition, 62,763 shares that were granted in 2017 to the then Chief Executive Officer and officers and employees of the Company, all of which had a weighted average grant value of $12.77, vested at a fair value of $265,487. In addition, in April and October 2020, 2,144 shares and 10,054 shares, respectively, previously granted to employees of the Company with a weighted average cost of grant of $11.54 per share were forfeited.

On March 20, 2019, the Company granted 32,550 restricted shares under 2013 Plan to non-employee directors with a weighted average value of $11.06 per share. These restricted shares vested on the first anniversary of the grant date. On the same date the Company granted 141,888 restricted shares to the officers and employees of the Company, including the then Chief Executive Officer, with a weighted average value of $11.06 per share. All these restricted shares vest on the third anniversary of the grant date.

During the year ended December 31, 2019, there were 29,898 shares that were previously granted to non-employee directors under the 2013 Plan with a weighted average grant value of $12.04 per share, which vested at a fair value of $336,054. In addition, 48,147 shares that were granted in 2016 to the then Chief Executive Officer and officers and employees of the Company, all of which had a weighted average grant value of $15.80, vested at a fair value of $548,218. In addition, 5,000 shares granted to a non-employee director in 2018 who subsequently became the Chief Executive of the Company vested at a fair value of $60,300.

On August 14, 2019, 5,425 shares granted to a non-employee director with a value of $11.06 per share were forfeited.

On March 20, 2018, the Company granted 29,898 restricted shares under the 2013 Plan to non-employee directors with a weighted average value of $12.04 per share. On November 28, 2018, the Company granted a further 5,000 shares to a newly appointed non-employee director with a weighted average value of $12.30. These restricted shares vest on the first anniversary of the grant date. On March 20, 2018, the Company granted 96,644 restricted shares to the Chief Executive Officer and officers and employees of the Company with a weighted average value of $12.04 per share. All these restricted shares vest on the third anniversary of the grant date.

During the year ended December 31, 2018, 28,194 shares that were previously granted under the 2013 Plan to non-employee directors with a weighted average grant value of $12.77 per share vested at a fair value of $325,641.

Restricted share grant activity for the year ended December 31, 2019 and 2020 was as follows:

	Number of non-vested restricted shares	Weighted average grant date fair value	Weighted average remaining contractual term
Balance as of January 1, 2019	243,188	$12.98	1.30 years
Granted	174,438	11.06	
Vested	(83,045)	14.24	
Forfeited	(5,425)	11.06	
Balance as of December 31, 2019	329,156	$11.68	1.38 years
Granted	79,172	7.90	
Forfeited	(12,198)	11.54	
Vested	(89,888)	12.25	
Balance as of December 31, 2020	306,242	$10.54	0.93 years

Using the straight-line method of expensing the restricted stock grants, the weighted average estimated value of the shares calculated at the date of grant is recognized as compensation cost in the statements of operations over the period to the vesting date. During the year ended December 31, 2020, the Company recognized $1,321,205 in share-based compensation costs relating to share grants (year ended December 31, 2019: $1,495,412 and year ended December 31, 2018: $1,173,580). As of December 31, 2020, there was a total of $1,002,608 unrecognized compensation costs relating to the expected future vesting of share-based awards (December 31, 2019: $1,774,202) which are expected to be recognized over a weighted average period of 0.93 years (December 31, 2019: 1.38 years).

Share options

Share options issued under the 2013 Plan are not exercisable until the third anniversary of the grant date and can be exercised up to the tenth anniversary of the date of grant. The fair value of each option is calculated on the date of grant based on the Black-Scholes valuation model. Expected volatilities are based on the historic volatility of the Company's stock price and other factors. The Company does not currently pay dividends and it is assumed this will not change. The expected term of the options granted is anticipated to occur in the range between 4 and 6.5 years. The risk-free rate is the rate adopted from the U.S. Government Zero Coupon Bond.

The movements in the existing share options during the years ended December 31, 2019 and 2020 were as follows:

Options	Number of options outstanding	Weighted average exercise price per share	Aggregate intrinsic value
Balance as of January 1, 2019	343,936	$21.43	—
Granted during the year	6,000	18.95	—
Balance as of December 31, 2019	349,936	21.39	$—
Forfeited during the period	(10,000)	20.82	—
Balance as of December 31, 2020	339,936	21.40	$—

There were 339,936 options exercisable as of December 31, 2020. The weighted average exercise price of the share options exercisable as of December 31, 2020 was $21.40.

The weighted-average remaining contractual term of options outstanding and exercisable as of December 31, 2020 was 3.67 years.

During the year ended December 31, 2020, the Company recognized a credit of $77,364 to share-based compensation costs (Year ended December 31, 2019: a charge of $8,474 and year ended December 31, 2018: credit of $99,902) relating to options forfeited under the 2013 Plan. As of December 31, 2020, and December 31, 2019, there were no unrecognized compensation costs relating to options under the 2013 Plan. As of December 31, 2020, there were 339,936 share options which had vested but had not been exercised.

On January 5, 2019, 6,000 share options were granted to an employee of the Company at an exercise price of $18.95 under the 2013 Plan. These options can be exercised up to the sixth anniversary of the grant date.

15. Commitments and Contingencies

The contractual obligations schedule set forth below summarizes our contractual obligations as of December 31, 2020:

	2021	2022	2023	2024	2025	Thereafter	Total
				(in thousands)			
Marine Export Terminal capital contributions[1]	4,000	—	—	—	—	—	4,000
Secured term loan facilities and revolving credit facilities	67,936	124,479	202,353	175,413	54,388	—	624,569
2020 Bonds	—	—	—	—	100,000	—	100,000
2018 Bonds	—	—	71,697	—	—	—	71,697
Office operating leases[2]	1,572	252	—	—	—	—	1,824
Navigator Aurora Facility[3]	—	—	—	—	—	61,361	61,361
Total contractual obligations	$73,508	$124,731	$274,050	$175,413	$154,388	$61,361	$863,451

[1] On January 21, 2021, the Company made a capital contribution of $4.0 million to the Export Terminal Joint Venture, by drawing down on the Terminal Facility, being the expected final contribution for our full share of the capital cost for the construction of the Marine Export Terminal.

[2] The Company occupies office space in London with a lease that commenced in January 2017 for a period of 10 years with a mutual break option in January 2022, which is the fifth anniversary from the lease commencement date. This break option is recognized in the table above but has not been included as part of the right-of-use asset and lease liability associated with the lease. Please read Note 16—Operating Lease Liabilities to our consolidated financial statements. The gross rent per year is approximately $1.1 million.

The Company entered into a lease for office space in New York that now expires on May 31, 2022. The annual gross rent under this lease is approximately $0.4 million, subject to certain adjustments.

The lease term for our representative office in Gdynia, Poland is for a period of five years commencing from January 2017. The gross rent per year is approximately $60,000.

The weighted average remaining contractual lease term for the above three office leases on December 31, 2020 was 1.2 years (December 31, 2019: 2.2 years).

[3] The Navigator Aurora Facility is a loan facility held within a lessor entity (for which legal ownership resides with financial institutions) that we are required to consolidate under U.S. GAAP into our financial statements as a variable interest entity. Please read Note 9—Variable Interest Entities to our consolidated financial statements.

16. Operating Lease Liabilities

On January 1, 2019, the Company adopted ASU 2016-02, Leases, ('Topic 842'), as further amended, which supersedes Topic 840, Leases and requires lessees to recognize most leases on-balance sheet and disclose key information about leasing arrangements.

The Company has elected all of the standard's practical expedients in ASC 842-10-65-1(f) as a package on adoption. We have not elected the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us.

On January 1, 2019, the Company adopted ASU 2018-11, Leases—Targeted Improvements, which created a new, optional, transition method, the "Comparatives Under ASC 840" option, for implementing ASU 2016-02, which can only be adopted by entities either at (1) the beginning of the company's first reporting period after issuance or (2) the entity's mandatory ASU 2016-02 effective date. This choice of method affects only the timing of when an entity applies the transition provisions. The Company applied this optional transition method on January 1, 2019. Under this transition method, a cumulative-effect adjustment to the consolidated statements of stockholder's equity of $0.1 million was recorded, which represents the amounts of expense that would not have been recognized in retained earnings for the year ended December 31, 2018. The presentation of the consolidated financial statements for comparative periods has remained unchanged.

On January 1, 2019, the Company adopted ASU 2019-01, Leases (Topic 842); Codification Improvements, which, amongst other things, aligns the guidance in Topic 842 for determining fair value and its application to lease classification and measurement for lessors that are not manufacturers or dealers with that of existing guidance; and clarifies that lessees and lessors are exempt from a certain interim disclosure requirement associated with adopting the new leases standard within the fiscal year of adoption. This standard is effective on adoption of ASU 2016-02, the new leasing standard. The Company adopted ASU 2016-02 and ASU 2019-01 on January 1, 2019. Accordingly, interim disclosures about the effect on income of adoption of ASC 842 are excluded from the required disclosures in these financial statements, in a manner similar to the annual disclosures in ASC 250-10-50-1(b)(2).

We used the effective date as our date of initial application. Consequently, for dates and periods prior to January 1, 2019, financial information was not updated, and the disclosures required under the new standard were not provided. The Company applied Topic 842 by recognizing the cumulative effect of initially applying Topic 842 as an adjustment to the opening balance of equity as of January 1, 2019. Therefore, the comparative information has not been adjusted and continues to be reported under Topic 840 or Topic 606 as applicable. Under Topic 840, our three office leases were classified as operating leases, with rental costs for the year ended December 31, 2018 of $1.3 million recognized within General and Administrative costs in the consolidated income statements.

Lessee accounting

The new standard established a right-of use ("ROU") model that requires a lessee to recognize a ROU asset, representing the right to use the asset for a specified period of time and corresponding lease liability on the balance sheet for all leases with a term longer than 12 months. Existing leases with a contracted term of less than 12 months on January 1, 2019 are classified as short-term leases on adoption of the new standard and qualify for an exemption from recognizing ROU assets or lease liabilities for periods presented after January 1, 2019. Leases for lessees under ASU 2016-02 are classified as financing or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

Under ASU 2016-02 we have recognized new ROU assets and liabilities on our balance sheet for our operating leases, relating to long-term commitments for our offices in London, New York and Gdynia. At the adoption date of January 1, 2019, we had no short-term lease commitments. Lease liabilities and ROU assets for operating leases are initially measured at the present value of the lease payments not yet paid, discounted using the discount rate for the lease determined at the later of the date of initial application or the lease commencement date. As a lessee, the Company has elected not to separate lease and non-lease components pertaining to operating lease payments. The discount rate used is the Company's incremental borrowing rate, defined as the rate of interest that the Company as lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Consequently, operating lease liabilities of $6.5 million, based on the present value of the remaining minimum rental payments; and ROU assets of $5.7 million have been recognized on the Company's consolidated balance sheets as of December 31, 2020 (December 31, 2019: operating lease liabilities of $7.5 million and ROU assets of $6.8 million) with accretion of the liabilities and amortization of the ROU assets over the remaining length of the lease terms.

The lease for our office in Poland is subject to annual indexation each January according to the Eurozone All Items Monetary Union Index of Consumer Prices ("MUICP") index as quoted for the previous year. ASU 2016-02 requires lessees to include such variable lease payments in the value of the remaining lease payments and, therefore, in the measurement of a lessee's lease liabilities at the adoption date of January 1, 2019. The lease payments relating to the Poland office lease are not remeasured at the beginning of each year, the effect of future increases in MUICP are recognized as part of lease-related costs in each year and classified as variable lease costs. For the years ended December 31, 2020, 2019, total operating lease costs were $1.4 million, which include immaterial variable lease costs and are presented in General and Administrative costs within the consolidated statements of operations and in cash flows from operating activities within the consolidated statements of cash flows.

The Company's consolidated balance sheets include a ROU asset and a corresponding liability for operating lease contracts where the Company is a lessee. The discount rate used to measure the lease liability presented on the Company's consolidated balance sheets is the incremental cost of borrowing since the rate implicit in the lease cannot be determined.

The liabilities described below are for the Company's offices in London, Gdynia and New York which are denominated in various currencies. At December 31, 2019 and 2020, the weighted average discount rate across the three leases was 5.56%

At December 31, 2020, based on the remaining lease liabilities, the weighted average remaining operating lease term was 5.6 years (December 31, 2019: 6.5 years). The difference from the weighted average remaining contractual lease term arises from the mutual break option on the London office lease. Please read Note 15—Commitments and Contingencies to our consolidated financial statements.

Under ASC 842, which the Company adopted on January 1, 2019, the ROU asset is a nonmonetary asset and is remeasured into the Company's reporting currency of the U.S. Dollar using the exchange rate for the applicable currency as at the adoption date of ASC 842. The operating lease liability is a monetary liability and is remeasured quarterly using the current exchange rates, with changes recognized in a manner consistent with other foreign-currency-denominated liabilities in general and administrative expenses in the consolidated statements of comprehensive income.

A maturity analysis of the undiscounted cash flows of the Company's operating lease liabilities as at December 31, 2019 and 2020 is presented in the following table:

	December 31, 2019	December 31, 2020
	(in thousands)	
One year	$ 1,534	$ 1,572
Two years	1,534	1,300
Three years	1,267	1,144
Four years	1,111	1,144
Five years	1,111	1,144
Six years and thereafter	2,297	1,222
Total undiscounted operating lease commitments	$ 8,854	$ 7,526
Less: Discount adjustment	(1,347)	(1,018)
Total operating lease liabilities	$ 7,507	$ 6,508
Less: current portion	(1,178)	(1,276)
Operating lease liabilities, non-current portion	$ 6,329	$ 5,232

Lessor accounting

The new standard also requires lessors to classify leases as a sales-type, direct financing, or operating lease. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease in effect, transfers control of the underlying assets to the lessee. If none of those five criteria are met, but two additional criteria are both met, indicating that the lessor has transferred substantially all of the risks and benefits of the underlying asset to the lessee and a third-party, the lease is a direct financing lease. All lessor leases that are not sales-type or direct financing leases are operating leases. For the Company as a lessor, in applying ASU 2016-02, we believe that our vessels contracted under voyage charters or contracts of affreightment do not qualify as leases, as the charterer does not have the right to operate the asset and we maintain the right to direct the use of the asset during the period of charter hire. Vessels on time charters will continue to qualify as operating leases, when the charterer has the right to obtain substantially all of the benefits and can direct how and for what purposes the vessel will be used, and the Company has no substantive substitution rights. Time charters do not qualify as direct finance leases under ASU 2016-02 as the present value of the sum of the lease payments does not exceed the fair value of the underlying vessel.

The Company has elected, as a package, the practical expedients available in ASC 842-10-65-1(f) to not re-assess whether any existing or expired contracts are, or contain leases, for voyages in progress at the adoption date of January 1, 2019. We have assessed new charter contracts signed after the adoption date for whether they are, or contain, leases and should be recognized under ASU 2016-02. Charter contracts that do not contain a lease

will be accounted for under Topic 606. The adoption of ASU 2016-02 has not resulted in a change to the classification of time charters, voyage charters or contracts of affreightment, the period over which we recognize revenue and, as a lessor, there has been no significant impact on our consolidated financial statements or cash flows as a result.

ASU 2018-11, Leases—Targeted Improvements, which the Company adopted on January 1, 2019, contains an amendment to ASU 2016-02 that would allow lessors to elect, as a practical expedient, by class of underlying asset, not to separate lease and non-lease components of a contract. The amendment allows these components to be accounted for as a single component if the non-lease components otherwise would be accounted for under the new revenue guidance (Topic 606) and both of the following are met: (i) the timing and pattern of transfer for the lease component and non-lease components associated with that lease component are the same and (ii) the lease component, if accounted for separately, would be classified as an operating lease. Also, the ASU states that if the non-lease component or components associated with the lease component are the predominant component of the combined component, an entity should account for the combined component in accordance with Topic 606. Otherwise, the entity should account for the combined component as an operating lease in accordance with Topic 842. The Company has elected the package of practical expedients, as mentioned above. In addition, the Company has performed a qualitative analysis of each of its time charter contracts to determine whether the lease or non-lease component is the predominant component of the contract. The Company concluded that the lease component is the predominant component as the lessee would attribute more value to the ability to direct the use of the vessel rather than to the technical and crewing services to operate the vessel which are add-on services to the lessee. Accordingly, revenue from vessels under time charters, which are accounted as lease revenue for under ASC 842, are presented as a single lease component.

On January 1, 2019, the Company adopted ASU 2019-01, Leases (Topic 842); Codification Improvements, which, amongst other things, aligns the guidance in Topic 842 for determining fair value and its application to lease classification and measurement for lessors that are not manufacturers or dealers with that of existing guidance; and clarifies that lessees and lessors are exempt from a certain interim disclosure requirement associated with adopting the new leases standard within the fiscal year of adoption. This standard is effective on adoption of ASU 2016-02, the new leasing standard. The Company adopted ASU 2016-02 and ASU 2019-01 on January 1, 2019. Accordingly, interim disclosures about the effect on income of adoption of ASC 842 are excluded from the required disclosures in these financial statements, in a manner similar to the annual disclosures in ASC 250-10-50-1(b)(2).

17. Concentration of Credit Risks

The Company's vessels are chartered under either a time charter arrangement or voyage charter arrangement. Under a time charter arrangement, no security is provided for the payment of charter hire. However, payment is usually required monthly in advance. Under a voyage charter arrangement, a lien may sometimes be placed on the cargo to secure the payment of the accounts receivable, as permitted by the prevailing charter party agreement.

During 2020, two charterers contributed 10% or more of the operating revenues, comprising approximately 12.8% or $41.0 million and 12.3% or $39.6 million, respectively. (2019: four charterers contributed 10% or more of the operating revenues, comprising approximately 16.8% or $51.0 million, 13.9% or $41.9 million, 13.2% or $30.8 million, and 10.2% or $7.2 million, respectively).

Other than 9.3% of operating revenues arising from vessels trading exclusively in Indonesia for the year ended December 31, 2020 (year ended December 31 2019: 10.2%), our vessels operate on a worldwide basis and are not restricted to specific locations.

The Company considers the equity accounted joint ventures do not meet the criteria in ASC 280 to be separate reportable segments.

As of December 31, 2019, and 2020, all of the Company's cash, cash equivalents, restricted cash, and short-term investments were held by large financial institutions, highly rated by a recognized rating agency.

18. Income Taxes

Navigator Holdings Ltd and its vessel owning subsidiaries are incorporated in the Marshall Islands and under the laws of the Marshall Islands are not subject to tax on income or capital gains and no Marshall Islands withholding tax will be imposed on dividends paid by the Company to its stockholders. However, the Company's UK, Polish and Singaporean subsidiaries and Maltese VIE (please read Note 9—Variable Interest Entities to our consolidated financial statements) are subject to local taxes.

	2018 (in thousands)	2019 (in thousands)	2020 (in thousands)
(Loss)/income before income taxes and share of result of equity accounted joint ventures	$(5,368)	$(15,129)	$1,279
Tax expense at statutory rate	—	—	—
Total statutory tax charge	—	—	—
Tax charge in UK subsidiaries	254	199	416
Tax charge in Polish subsidiary	(147)	(65)	31
Tax charge in Singapore subsidiary	226	213	77
Tax charge in Maltese VIE (*note 9*)	—	5	93
Total tax charge	$ 333	$ 352	$ 617

The total of all deferred tax assets included in our balance sheet as of December 31, 2020, was $421,000 and the total of all deferred tax liabilities is $32,000 (December 31, 2019: $458,000 and $26,000 respectively). We have income tax carry forwards relating to our operations in Poland of approximately $1.3 million. We have recorded a deferred tax asset on the balance sheet of $0.3 million reflecting the benefit of $1.3 million in loss carry forwards. The deferred tax asset, after valuation allowance of $15.9 million includes $15.4 million related to carry forwards associated with our Export Terminal Joint Venture which can be utilized against 80% of our future profits from the terminal operations. The two years of tax returns remain eligible for examination.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2019 and 2020 are in the following table.

	2019 (in thousands)	2020 (in thousands)
Deferred tax asset		
Net operating losses carry forwards	$19,638	$19,601
Total deferred tax assets	19,638	19,601
Less valuation allowance	(1,731)	(3,735)
Deferred tax asset, net of valuation allowance	17,907	15,866
Deferred tax liabilities		
Investment in joint venture	17,449	15,445
Other temporary differences	26	32
Total deferred tax liabilities	$17,475	$15,477
Net deferred tax asset	432	389

The net deferred tax asset relates to deferred tax assets and liabilities in different jurisdictions.

19. Derivative Instruments

The Company uses derivative instruments in accordance with its overall risk management policy to mitigate the risk of the effects of unfavorable fluctuations in interest rates and foreign exchange movements.

The Company held no derivatives designated as hedges as of December 31, 2019 and 2020.

Interest Rate risk

On July 2, 2020, we entered into floating-to-fixed interest rate swap agreements with ING and SocGen. Under these agreements, the notional amounts of the swaps are 80% of the amounts drawn under the Terminal Facility. The interest rate receivable by the Company under these interest rate swap agreements is 3-month LIBOR, calculated on a 360-day year basis, which resets every three months in line with the dates of interest payments on the Terminal Facility. The interest rate payable by the Company under these interest rate swap agreements is 0.369% and 0.3615% per annum to ING and SocGen respectively, calculated on a 360-day year basis.

The interest rate swaps are remeasured to fair value at each reporting date. There is no requirement for cash collateral to be placed with the swap providers under these swap agreements and there is no effect on restricted cash as at December 31, 2020. Please read Note 3—Derivative Instruments accounted for at Fair Value to our consolidated financial statements.

Foreign Currency Exchange Rate risk

Under U.S. GAAP, all foreign currency-denominated monetary assets and liabilities are revalued and are reported in the Company's functional currency based on the prevailing exchange rate at the end of the period. These foreign currency transactions fluctuate based on the strength of the U.S. Dollar relative to the NOK and are included in our results of operations. The primary source of our foreign exchange gains and losses are the movements on our NOK-denominated 2018 Bonds, which we have mitigated through the cross-currency interest rate swap. The remeasurement of all foreign currency-denominated monetary assets and liabilities at each reporting date results in unrealized foreign currency exchange differences but do not impact our cash flows.

The Company has entered into a cross-currency interest rate swap agreement concurrently with the issuance of its NOK-denominated Senior secured bonds (see Note 11—Senior Secured Bond to our consolidated financial statements) and pursuant to this swap, the Company receives the principal amount of NOK 600 million in exchange for a payment of a fixed amount of $71.7 million on the maturity date of the swap. If the Norwegian Kroner weakens relative to the U.S. Dollar beyond a certain threshold, we are required to place cash collateral with our swap providers for the liability on the cross-currency interest rate swap at the reporting date. As at December 31, 2020 we had no cash collateral placed with our cross-currency interest rate swap provider (December 31, 2019: $1.3 million). In the event that the weakening of the Norwegian Kroner relative to the U.S. Dollar is significant, the cash collateral requirements could adversely affect our liquidity and financial position.

In addition, at each quarterly interest payment date, the cross-currency interest rate swap exchanges a receipt of floating interest of 6.0% plus 3-month NIBOR on NOK 600 million for a U.S. Dollar payment of floating interest of 6.608% plus 3-month U.S. LIBOR on the $71.7 million principal amount. The purpose of the cross-currency interest rate swap is to economically hedge the foreign currency exposure on the payments of interest and principal of the Company's NOK-denominated 2018 Bonds due in 2023.

The cross-currency interest rate swap is remeasured to fair value at each reporting date. Please read Note 3—Derivative Instruments accounted for at Fair Value to our consolidated financial statements.

Credit risk

The Company is exposed to credit loss in the event of non-performance by the counterparty to the cross-currency interest rate swap agreement. In order to minimize counterparty risk, the Company only enters into derivative transactions with counterparties that are reputable financial institutions, highly rated by a recognized rating agency. As of December 31, 2020, there was immaterial credit risk as the cross-currency interest rate swap and the interest rate swaps were in a liability position from the perspective of the Company.

20. Cash, Cash Equivalents and Restricted Cash

The following table shows the breakdown of cash, cash equivalents and restricted cash as of December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	(in thousands)	
Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$64,024	$59,056
Cash and cash equivalents held by the lessor VIE (*note 9*)	796	215
Restricted cash	1,310	—
Total cash, cash equivalents and restricted cash	$66,130	$59,271

Amounts included in restricted cash represent those required to be set aside as collateral by a contractual agreement with a banking institution for the forecast future liability on the cross-currency interest rate swap agreement at the reporting date. Please read Note 19 —Derivative Instruments to our consolidated financial statements. As of December 31, 2020, there was no collateral amount held with the swap provider (December 31, 2019: $1.3 million). The amounts held as collateral within restricted cash are assessed against daily currency movements and are presented as current assets on the Company's consolidated balance sheets.

Included within total cash, cash equivalents and restricted cash as of December 31, 2020 is an amount of $0.2 million relating to the cash belonging to the lessor VIE that we are required to consolidate under U.S. GAAP (December 31, 2019: $0.8 million). Please read Note 9—Variable Interest Entities to our consolidated financial statements.

21. Related Party Transactions

The following table summarizes our transactions with related parties for the years ended December 31, 2019 and 2020:

	Year ended December 31, 2019	Year ended December 31, 2020
	(in thousands)	
Net income / (expenses)		
Luna Pool Agency Limited	$ —	$ —
Ocean Yield Malta Limited	(672)	(1,827)
Total	$(672)	$(1,827)

There were no transactions with related parties for the year ended December 31, 2018.

The following table sets out the balances with related parties as at December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
	(in thousands)	
Receivables / (payables)		
Luna Pool Agency Limited	$ —	$ 11,853
Ocean Yield Malta Limited	(68,506)	(61,448)

In March 2020, the Company collaborated with Pacific Gas Pte. Ltd. and Greater Bay Gas Co. Ltd. to form and manage the Luna Pool. As part of the formation of the Luna Pool, a new entity, Luna Pool Agency Limited,

("Pool Agency") was established in May 2020. The investment in the Pool Agency created a 50/50 joint venture with Greater Bay Gas Co. Ltd. The Company's investment in the Pool Agency is accounted for as an equity investment. Please read Note 7— Investment in Equity Accounted Joint Ventures to our consolidated financial statements.

Pool revenues and expenses within the Luna Pool are accounted for in accordance with ASC 808 – Collaborative Arrangements, when two (or more) parties are active participants in the arrangement and exposed to significant risk and rewards dependent on the commercial success of the activity. Please read Note 2(a)— Basis of Presentation to our consolidated financial statements.

Transactions with the Luna Pool collaborative arrangement

We have presented our share of net income earned under the Luna Pool collaborative arrangement across a number of lines in our consolidated statements of operations. For revenues and expenses incurred specifically to the Company's vessels and for which we are deemed to be the principal, these are presented gross on the face of our consolidated statements of operations within operating revenues, voyage expenses and brokerage commissions. Our share of pool net revenues generated by the other Pool Participant's vessels in the Luna Pool collaborative arrangement is presented on the face of our consolidated statements of operations within operating revenues – Luna Pool collaborative arrangements. The other Pool Participant's share of pool net revenues generated by our vessels in the pool is presented on the face of our consolidated statements of operations within voyage expenses – Luna Pool collaborative arrangements. The portion of the Commercial Manager's fee which is due from the other Pool Participant is presented on the face of our consolidated statements of operations as other income.

The Luna Pool became operational during the quarter ended June 30, 2020. The impact on our consolidated statements of operations for the year ended December 31, 2020 was a recognition of operating revenues from Luna Pool collaborative arrangements of $12.8 million, voyage expenses from Luna Pool collaborative arrangements of $12.4 million and net income recognized from our participation in the Luna Pool of $34.5 million.

The following table summarizes our net income generated from our participation in the Luna Pool for the year ended December 31, 2020:

	Year ended December 31, 2020
	(in thousands)
Income / (expenses)	
Time and Voyage Charter Revenues	$ 49,613
Time and Voyage charter revenues from Luna Pool collaborative arrangements	12,830
Brokerage Commissions	(804)
Voyage Expenses	(14,966)
Voyage Expenses – Luna Pool collaborative arrangements	(12,418)
Total net operating income from the Luna Pool	34,255
Other Income	199
Total net income from the Luna Pool	$ 34,454

Transactions with the Luna Pool Agency Limited

The Company's related party balances with the Pool Agency consisted of the following at December 31, 2020:

	December 31, 2020
	(in thousands)
Receivables / (payables)	
Other assets	$11,853
Total assets	$11,853

The net balance as of December 31, 2020 is presented as amounts due from related parties on our consolidated balance sheets and arises from amounts owed by the Pool Agency to the Company relating to working capital, pool distributions and voyage expenses for the Company's vessels within the Luna Pool, offset by amounts received by the Company relating to hire and freight of the Company's vessels within the Luna Pool. There were no related party balances with the Pool Agency as at December 31, 2019 as the Luna Pool was only established during 2020.

Transactions with Ocean Yield Malta Limited

In October 2019, we sold *Navigator Aurora* to OCY Aurora Ltd. the ("lessor VIE"), and subsequently leased back the vessel under a bareboat charter. Please read Note 9—Variable Interest Entities to our consolidated financial statements. The lessor VIE is a wholly owned, newly formed special purpose vehicle ("SPV") of Ocean Yield ASA, an entity listed on the Oslo stock exchange. While we do not hold any equity investments in this SPV, under U.S. GAAP we are deemed to be the primary beneficiary and we are required to consolidate this lessor VIE into our results. Accordingly, although consolidated into our results, we have no control over the funding arrangements negotiated by this lessor VIE entity.

In October 2019, the lessor VIE which owns *Navigator Aurora* entered into secured financing agreements for $69.1 million consisting of a loan facility, the "Navigator Aurora Facility" which is denominated in USD. The Navigator Aurora Facility is a seven year unsecured loan provided by OCY Malta Limited, the parent of the lessor VIE and a wholly-owned subsidiary of Ocean Yield ASA. The Navigator Aurora Facility is subordinated to a further bank loan where the lessor VIE is the guarantor and *Navigator Aurora* is pledged as security. Please read Note 10—Secured Term Loan Facilities and Revolving Credit facilities to our consolidated financial statements. The Navigator Aurora Facility bears interest at 3 month U.S. LIBOR plus a margin of 185 basis points and is repayable with a balloon payment on maturity. As of December 31, 2020, there was $61.4 million (December 31, 2019: $68.2 million) in borrowings outstanding under this facility which is presented in non-current liabilities on the Company's consolidated balance sheets.

The lessor VIE, is consolidated into our results and consequently, under U.S. GAAP, transactions with OCY Malta Limited are deemed to be related party transactions. Payments of $6.84 million were made against the Navigator Aurora Facility for the year ended December 31, 2020 (December 31, 2019: $0.85 million) as non-contractual prepayments of the loan. This has been reflected as cash flows from financing in our consolidated statements of cash flows.

The Company's related party transactions with Ocean Yield Malta Limited consisted of the following for the years ended December 31, 2019 and 2020:

	Year ended December 31, 2019	Year ended December 31, 2020
	(in thousands)	
Income / (expenses)		
General and administrative expenses	$(221)	$ (14)
Interest expense	(451)	(1,813)
Total	$(672)	$(1,827)

The Company's related party balances with Ocean Yield Malta Ltd. consisted of the following as at December 31, 2019 and 2020:

	December 31, 2019	December 30, 2020
	(in thousands)	
Receivables / (payables)		
Accrued interest and trade payables	$ (451)	$ (229)
Navigator Aurora Facility, net of deferred financing costs	(68,052)	(61,216)
Other non-current payables	(3)	(3)
Total liabilities	$(68,506)	$(61,448)

22. Subsequent Events

The remaining $18.0 million on the Terminal Facility was drawn down in full in January 2021, of which $4.0 million was a final capital contribution to the Export Terminal Joint Venture and the remaining $14.0 million for general corporate purposes.

On April 12, 2021, the Company announced the signing of a non-binding Letter of Intent with Naviera Ultranav Limitada ("Ultranav") to merge Ultragas ApS' ("Ultragas") fleet and business activities with Navigator. The combined fleet would total 56 vessels.

In connection with the proposed acquisition of Ultragas' fleet, it is expected that Navigator would issue approximately 21.2 million new shares of its common stock to Ultranav, and assume Ultragas' net debt of approximately $197 million, as well as its net working capital. After giving effect to the proposed issuance of its new shares of common stock to Ultranav, Navigator is expected to have a total of approximately 77.1 million shares of common stock outstanding, of which Ultranav would own approximately 27.5% and BW Group would own approximately 28.4%. The transaction is subject to the execution of a definitive share purchase agreement, approval by the boards of directors of both Navigator and Ultragas, regulatory approvals and other customary closing conditions. The parties anticipate closing the transaction by the end of the second quarter of 2021. There can be no assurance that a definitive share purchase agreement relating to the transaction will be executed or that the transaction will be completed on the terms anticipated or at all.

Exhibit 2.3

Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934

Capitalized terms used but not defined herein have the meanings set forth in the Annual Report on Form 20-F to which this Exhibit is attached. References to "we," "our" and "us" refer to Navigator Holdings Ltd., unless the context otherwise requires. References to "shareholders" refer to holders of our common stock, unless the context otherwise requires. "WLR Group" refers collectively to WL Ross & Co. LLC and certain of its affiliated investment funds and "BW Group" refers to BW Group Limited. On December 22, 2020, the WLR Group, our previous major shareholder, sold all of the 21,863,874 shares of our common stock then owned by the WLR Group to the BW Group (the "BW Group Sale").

As of December 31, 2020, we had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): common stock, par value $0.01 per share ("common stock"). Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "NVGS".

The following contains a description of our common stock, as well as certain related additional information. The following summary does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our Second Amended and Restated Bylaws and Amended and Restated Articles of Incorporation, which we refer to as our "bylaws" and our "articles of incorporation," respectively, and to the other agreements described herein. Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or the "BCA." Our bylaws and articles of incorporation as they exist on the date of this Annual Report on Form 20-F, and any other agreements described herein, are incorporated by reference or filed as an exhibit to the Annual Report on Form 20-F of which this Exhibit is a part, and amendments or restatements of each will be filed with the Securities and Exchange Commission (the "SEC") in future periodic or current reports in accordance with the rules of the SEC. You are encouraged to read these documents.

Authorized Capitalization

As of December 31, 2020, our authorized share capital consists of 400,000,000 shares of common stock, of which 55,893,618 shares were issued and outstanding and 40,000,000 shares of preferred stock, par value $0.01 per share, of which no shares were issued and outstanding. All of our shares are in registered form.

Common Stock

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. We do not anticipate declaring or paying any cash dividends to holders of our common stock in

the near term. We may, however, adopt in the future a policy to make cash dividends. Our future dividend policy is within the discretion of our board of directors. Agreements governing our indebtedness impose restrictions on us, including, among other things, limiting our ability to pay dividends out of operating revenues generated by the vessels securing such indebtedness, redeem any shares or make any other payment to our equity holders, if there is a default under such agreements.

Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of common stock are entitled to ratably receive the assets available for distribution to the shareholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock are fully paid and non-assessable.

Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any preferred stock which we may issue in the future.

Anti-takeover Effects of Certain Provisions of Our Articles of Incorporation and Bylaws

Certain provisions of our articles of incorporation and bylaws, which are summarized in the following paragraphs, may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the common stock held by shareholders.

Election and Removal of Directors; Vacancies

Subject to the rights of the holders of any series of preferred shares in us, directors shall be elected by a plurality of the votes cast at a meeting of shareholders by the shareholders entitled to vote in the election. Our articles of incorporation provide that, subject to any rights of holders of preferred shares, directors will be elected at each annual meeting of shareholders to serve until the next annual meeting of shareholders and until his or her successor shall have been duly elected and qualified, except in the event of his or her death, resignation, removal or the earlier termination of his or her term of office. Our articles of incorporation provide that, subject to any rights of holders of preferred shares, no director may be removed except both for cause and with the affirmative vote of the holders of not less than a majority of the voting power of all outstanding shares entitled to vote in the election of directors.

Subject to the following sentence, vacancies and newly created directorships resulting from any increase in the authorized number of directors or from any other cause (other than vacancies and newly created directorships which the holders of any class or classes of shares or series thereof are expressly entitled by our by articles of incorporation to fill) shall be filled by, and only by, a vote of not less than the majority of the directors then in office, although less than a quorum, or by the sole remaining director. Any director appointed to fill a vacancy or a newly created directorship shall hold office until the next annual meeting of shareholders and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

On December 22, 2020, in connection with the BW Group Sale, we entered into an Investor Rights Agreement with BW Group (the "BW Group Investor Rights Agreement"), which provides BW Group with the right to designate two members of our board of directors (provided that BW Group maintains certain share ownership levels) and with certain registration rights and informational rights. The BW Group Investor Rights Agreement also provides that, until May 18, 2022 and subject to certain exceptions, BW Group will not acquire common shares that increase its current voting power in us.

Notwithstanding the foregoing, in the event that the holders of any class or series of preferred shares shall be entitled, voting separately as a class, to elect any of our directors, then the number of directors that may be elected by such holders voting separately as a class shall be in addition to the number otherwise fixed pursuant to resolution of the our board of directors. Notwithstanding the foregoing, except as otherwise provided in the terms of such class or series, (i) the term of the directors elected by such holders voting separately as a class shall expire at the next annual meeting of shareholders and (ii) any director or directors elected by such holders voting separately as a class may be removed, with or without cause, by the holders of a majority of the voting power of all outstanding shares of us entitled to vote separately as a class in an election of such directors.

No Cumulative Voting

The BCA provides that shareholders are not entitled to the right to cumulate votes in the election of directors unless our articles of incorporation provides otherwise. Our articles of incorporation do not provide for cumulative voting.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

Our bylaws provide that, with a few exceptions, shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary.

Generally, to be timely, a shareholder's notice must be received at our principal executive office not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of shareholders. Our bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede shareholders' ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Calling of Special Meetings of Shareholders

Our bylaws provide that special meetings of our shareholders may be called only by our board of directors.

Amendments to Our Bylaws

Our articles of incorporation and bylaws grant our board of directors the authority to amend and repeal our bylaws without a shareholder vote in any manner not inconsistent with the laws of the Republic of the Marshall Islands.

"Blank Check" Preferred Stock

Under the terms of our articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue preferred stock and to determine, with respect to any series of preferred stock, the terms and rights of that series. Our board of directors may issue preferred stock on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

Dissenters' Rights of Appraisal and Payment

Under the BCA, our shareholders have the right to dissent from various corporate actions, including certain mergers or consolidations or sales of all or substantially all of our assets not made in the usual course of our business, and receive payment of the fair value of their shares, subject to exceptions. For example, the right of a dissenting shareholder to receive payment of the fair value of his shares is not available if for the shares of any class or series of stock, which shares at the record date fixed to determine the shareholders entitled to receive notice of and vote at the meeting of shareholders to act upon the agreement of merger or consolidation, were either (1) listed on a securities exchange or admitted for trading on an interdealer quotation system or (2) held of record by more than 2,000 holders. In the event of any further amendment of our articles of incorporation, a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting shareholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the High Court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which the company's shares are primarily traded on a local or national securities exchange. The value of the shares of the dissenting shareholder is fixed by the court after reference, if the court so elects, to the recommendations of a court-appointed appraiser.

Shareholders' Derivative Actions

Under the BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of our shares both at the time the derivative action is commenced and at the time of the transaction to which the action relates or that his shares devolved upon him by operation of law.

Limitations on Liability and Indemnification of Officers and Directors

The BCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our articles of incorporation include a provision that eliminates the personal liability of directors and officers for monetary damages for actions taken as a director or officer to the fullest extent permitted by law.

Our articles of incorporation provide that we must indemnify our directors and officers to the fullest extent authorized by law. We are also expressly authorized to advance certain expenses (including attorneys' fees) to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our articles of incorporation may discourage shareholders from bringing a lawsuit against directors or officers for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Transfer Agent

The registrar and transfer agent for the common stock is the American Stock Transfer & Trust Company, LLC.

Listing

Our common stock is listed on the NYSE under the symbol “NVGS.”

Exhibit 4.10

Dated 17th September 2020

NAVIGATOR GAS L.L.C.

as Borrower

NORDEA BANK ABP, FILIAL I NORGE; ABN AMRO BANK N.V.; BNP PARIBAS S.A.; ING BANK N.V., LONDON BRANCH; NATIONAL AUSTRALIA BANK; and CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK
as Mandated Lead Arrangers

with

NORDEA BANK ABP, FILIAL I NORGE
as Bookrunner

NORDEA BANK ABP, FILIAL I NORGE
as Agent

NORDEA BANK ABP, FILIAL I NORGE
as Security Agent

ABN AMRO BANK N.V.
as Sustainability Agent

and

The banks and financial institutions named herein
as Original Lenders

guaranteed by

NAVIGATOR HOLDINGS LTD
as Parent

FACILITY AGREEMENT

for a revolving credit facility of up to $210,000,000

NORTON ROSE FULBRIGHT

Contents

THIS AGREEMENT is dated 2020 and made between:

(1) **NAVIGATOR GAS L.L.C.** as borrower (the **Borrower**);

(2) **NAVIGATOR HOLDINGS LTD** (the **Parent**);

(3) **NORDEA BANK ABP, FILIAL I NORGE; ABN AMRO BANK N.V.; BNP PARIBAS S.A.; ING BANK N.V., LONDON BRANCH; NATIONAL AUSTRALIA BANK;** and **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as mandated lead arrangers (whether acting individually or together, the **Arrangers**);

(4) **NORDEA BANK ABP, FILIAL I NORGE** as bookrunner (the **Bookrunner**);

(5) **THE FINANCIAL INSTITUTIONS** listed in Part 1 of Schedule 1 as lenders (the **Original Lenders**);

(6) **NORDEA BANK ABP, FILIAL I NORGE** as facility agent for the other Finance Parties (the **Agent**);

(7) **NORDEA BANK ABP, FILIAL I NORGE** as security agent for the other Finance Parties (the **Security Agent**); and

(8) **ABN AMRO BANK N.V.**, as sustainability agent for the other Finance Parties (the **Sustainability Agent**).

IT IS AGREED as follows:

SECTION 1—INTERPRETATION

1 Definitions and interpretation

1.1 Definitions

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

Account Bank means, in relation to the Earnings Account:

(a) Nordea Bank Abp, filial i Norge; or

(b) another bank or financial institution approved by all the Lenders at the request of the Borrower.

Account Security means the deed, pledge or other instrument executed by the Borrower in favour of the Security Agent in the agreed form conferring a Security Interest over the Earnings Account.

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

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Agent means Nordea Bank Abp, filial i Norge or any person who may be appointed as such under clause 34.1 (*Appointment of the Agent*).

Applicable Fraction has the meaning given to it in clause 7.6(c).

Approved Valuer means any of Fearnleys, Braemar ACM, Poten & Partners, Grieg Shipbrokers, Clarksons Platou, STEEM 1960 and E.A. Gibson Shipbrokers Ltd. or such other independent reputable ship broker nominated by the Borrower and approved by the Agent (acting on the instructions of the Majority Lenders) from time to time.

Auditors means one of PricewaterhouseCoopers, Ernst & Young, KPMG, Deloitte Touche Tohmatsu, BDO and Advisors or another firm approved by the Agent (acting on the instructions of the Majority Lenders) from time to time.

Availability Period means the period starting on the date of this Agreement to and including the date falling 30 days prior to the Final Repayment Date, provided that for this purpose if no Utilisation has occurred by 25 September 2020 the availability period shall end on that date and the Total Commitments shall be cancelled and shall immediately be reduced to zero.

Bail-In Action means the exercise of any Write-down and Conversion Powers.

Bail-In Legislation means in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time.

Basel II Accord means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 as updated prior to, and in the form existing on, the date of this Agreement, excluding any amendment thereto arising out of the Basel III Accord.

Basel II Approach means, in relation to any Finance Party, either the Standardised Approach or the relevant Internal Ratings Based Approach (each as defined in the Basel II Regulations applicable to such Finance Party) adopted by that Finance Party (or any of its Affiliates) for the purposes of implementing or complying with the Basel II Accord.

Basel II Regulation means:

(a) any law or regulation in force as at the date hereof implementing the Basel II Accord, (including the relevant provisions of CRD IV and CRR) to the extent only that such law or regulation re-enacts and/or implements the requirements of the Basel II Accord but excluding any provision of such law or regulation implementing the Basel III Accord; and

(b) any Basel II Approach adopted by a Finance Party or any of its Affiliates.

Basel III Accord means, together:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement—Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

Basel III Increased Cost means an Increased Cost which is attributable to the implementation or application of or compliance with any Basel III Regulation (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

Basel III Regulation means any law or regulation implementing the Basel III Accord (including the relevant provisions of CRD IV and CRR) save to the extent that such law or regulations re-enacts a Basel II Regulation.

Break Costs means the amount (if any) by which:

(a) the interest (excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of a Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Oslo and New York and in the case of clause 5.1(a) only, a day (other than a Saturday or Sunday) on which banks are open for general business in London, Oslo, Paris, Amsterdam, Sydney and New York.

Change of Control occurs when:

(a) without the prior approval of the Lenders, two or more persons acting in concert or any individual person (other than the Permitted Holder) acquires legally and/or beneficially, and either directly or indirectly, in excess of 50% of the issued share capital or membership interests of the Parent; or

(b) without the prior approval of the Lenders, two or more persons acting in concert or any individual person (other than the Permitted Holder) has the right or the ability to control, either directly or indirectly, the affairs or composition of the majority of the board or directors (or equivalent) of the Parent.

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

Charter means, in relation to a Ship, any time charter with a charter term (excluding any options to extend) exceeding 36 calendar months in respect of that Ship entered into between the relevant Owner and the relevant Charterer.

Charter Assignment means, in relation to a Ship and its Charter Documents, any assignment by the relevant Owner of its interest in such Charter Documents in favour of the Security Agent in the agreed form pursuant to clause 22.8 (*Chartering*).

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

Charterer means, in relation to a Ship, a charterer of that Ship pursuant to a Charter.

Classification means, in relation to a Ship, the classification specified in respect of such Ship in Schedule 2 (*Ship information*) with the relevant Classification Society or another classification approved by the Majority Lenders as its classification, at the request of the relevant Owner.

Classification Society means, in relation to a Ship, the classification society specified in respect of such Ship in Schedule 2 (*Ship information*) or another classification society (being either ABS, DNVGL, BV, Lloyds or NK) or, if such association no longer exists, any similar association nominated by the Agent) approved by the Majority Lenders as its Classification Society, at the request of the relevant Owner.

Code means the US Internal Revenue Code of 1986.

Commitments means:

(a) in relation to an Original Lender, the amount set in a column adjacent to its name under the table with the heading "The Original Lenders and their Commitments" in Part 1 of Schedule 1 (*The original parties*) and the amount of any other Commitment assigned to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment assigned to it under this Agreement,

to the extent not cancelled, reduced or assigned by it under clause 6.3 (*Reduction of Facility*), clause 7.8 (*Automatic cancellation*) or any other provision of this Agreement.

Compliance Certificate means a certificate substantially in the form set out in Schedule 6 (*Form of Compliance Certificate*) or otherwise approved.

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

Confidential Information means all information relating to an Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

(a) any member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of clause 45 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (i) or (ii) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

Constitutional Documents means, in respect of an Obligor, such Obligor's articles of incorporation, certificate of formation, bylaws, limited liability company agreement or other constitutional documents including as referred to in any certificate relating to an Obligor delivered pursuant to Schedule 3 (*Conditions precedent*).

CRD IV means the directive 2013/36/EU of the European Union on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

CRR means regulation 575/2013 of the European Union on prudential requirements for credit institutions and investment firms.

Default means an Event of Default or any event or circumstance specified in clause 30 (*Events of Default*) which would, with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of the foregoing, be an Event of Default.

Defaulting Lender means any Lender:

(a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with clause 5.4 (*Lenders' participation*);

(b) which has otherwise rescinded or repudiated a Finance Document; or

(c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Payment Disruption Event; and,

payment is made within five Business Days of its due date; or

(d) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

Disposal Repayment Date means in relation to:

(a) a Total Loss of a Mortgaged Ship, the applicable Total Loss Repayment Date; or

(b) a sale of a Mortgaged Ship by the relevant Owner, the date upon which such sale is completed by the transfer of title to the purchaser in exchange for payment of all or part of the relevant purchase price.

Earnings means, in relation to a Ship and a person, all money at any time payable to that person for or in relation to the use or operation of such Ship including freight, hire and passage moneys, money payable to that person for the provision of services by or from such Ship or under any charter or pool commitment, requisition for hire compensation, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach and payments for termination or variation of any charter commitment.

Earnings Account means the bank account of the Borrower held with the Account Bank with account number 6040.04.42730, IBAN NO9660400442730 and any bank account, deposit or certificate of deposit opened, made or established in accordance with, and designated as an **Earnings Account**, under clause 27 (*Bank accounts*).

EEA Member Country means any member state of the European Union, Iceland, Liechtenstein and Norway.

Enforcement Costs means any costs, expenses, liabilities or other amounts in respect of which any amount is payable under clauses 14.4 (*Indemnity concerning security*) or 16.3 (*Enforcement and preservation costs*) or under any other Finance Document to which those provisions apply and any remuneration payable to a Receiver in connection with any Security Documents.

Environmental Claims means:

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

(b) any claim made by any other person relating to a Spill.

Environmental Incident means any Spill from any vessel in circumstances where:

(a) any Ship or its Owner may be liable for Environmental Claims arising from the Spill (other than Environmental Claims arising and fully satisfied before the date of this Agreement); and/or

(b) any Ship may be arrested or attached in connection with any such Environmental Claim.

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

EU Bail-In Legislation Schedule means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

Event of Default means any event or circumstance specified as such in clause 30 (*Events of Default*).

Existing Credit Facility means the existing $290m credit facility dated 21 December 2015 (as amended or supplemented from time to time) made available to the Borrower in respect of the Ships.

Facility means the revolving credit facility made available under this Agreement as described in Clause 2 (the *Facility*) and as the same shall be reduced in accordance with clause 6.3 (*Reduction of Facility*).

Facility Extension has the meaning given to it in clause 6.2 (*Extension of Facility*).

Facility Office means the office or offices notified by a Lender or any other Finance Party to the Agent in writing on or before the date it becomes a Lender or, as the case may be, Finance Party (or, following that date, by not less than five Business Days' written notice) as the office through which it will perform its obligations under this Agreement.

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

Fair Market Value means, as at any relevant date, the value of each Mortgaged Ship which has not become a Total Loss as at such date as most recently determined in accordance with clause 25 (*Minimum Security Value*).

FATCA means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

FATCA Application Date means:

(a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or

(b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FACTA.

FATCA Deduction means a deduction or withholding from a payment under a Finance Document required by FATCA.

FATCA Exempt Party means a party to a Finance Document that is entitled to receive payments free from any FATCA Deduction.

Fee Letter means any letter dated on or about the date of this Agreement between the Agent and/or the Arrangers and the Borrower setting out certain fees payable by the Borrower in respect of any Facility.

Final Repayment Date means, subject to clause 37.7 (*Business Days*):

(a) the date which falls four (4) years after the date of this Agreement; or

(b) where the Facility Extension applies in accordance with clause 6.2 (*Extension of Facility*), the date which falls five (5) years after the date of this Agreement.

Finance Documents means this Agreement, any Fee Letter, the Security Documents, any Hedging Contract, any Hedging Master Agreement, any Transfer Certificate and any other document designated as such by the Agent and the Borrower.

Finance Party means the Agent, the Security Agent, the Sustainability Agent, the Bookrunner, any Arranger, any Hedging Provider or a Lender.

Financial Indebtedness means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;

(b) any amount raised by acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in relation to any lease or hire purchase contract which would, in accordance with GAAP be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with GAAP in force prior to 1 January 2019, have been treated as an operating lease);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);

(g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Final Repayment Date or are otherwise classified as borrowings under GAAP or, as the case may be, IFRS;

(i) any amount of any liability under an advance or deferred purchase agreement if (a) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question (b) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;

(j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back, sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under GAAP or, as the case may be, IFRS; and

(k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (i) above, without double counting.

Flag State means Liberia, the Republic of the Marshall Islands, Bahamas, Bermuda or the United Kingdom, or such other state or territory as may be approved by the Lenders, at the request of the relevant Owner, as being the **Flag State** of a Ship for the purposes of the Finance Documents.

GAAP means generally accepted accounting principles in the United States.

General Assignment means, in relation to a Ship, a first assignment of its interest in the Ship's Insurances and Earnings and Requisition Compensation by the relevant Owner in favour of the Security Agent in the agreed form.

Group means the Parent and its Subsidiaries for the time being and, for the purposes of clause 19.1 (*Financial statements*) and clause 20 (*Financial covenants*), any other entity required to be treated as a subsidiary in its consolidated accounts in accordance with GAAP or, as the case may be, IFRS, and/or any applicable law.

Group Member means any Obligor and any other entity which is part of the Group.

Guarantors means the Parent and the companies described as such in Schedule 1 (*Original Parties*) and Guarantor means any one of them.

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

Hedging Exposure means, as at any relevant date, the aggregate of the amount certified by each of the Hedging Providers to the Agent to be the net amount in dollars (a) in relation to all Hedging Contracts that have been closed out on or prior to the relevant date, that is due and owing by the Borrower to the Hedging Providers in respect of such Hedging Contracts on the relevant date and (b) in relation to all Hedging Contracts that are continuing on the relevant date, that would be payable by the Borrower to the Hedging Providers under (and calculated in accordance with) the early termination provisions of the Hedging Contracts as if an Early Termination Date (as defined in the relevant Hedging Master Agreement) had occurred on the relevant date in relation to all such continuing Hedging Contracts.

Hedging Master Agreements means the agreements made or (as the context may require) to be made between the Borrower and the Hedging Providers in relation to the purposes set out in clause 29.1, each comprising an ISDA 2002 Master Agreement and Schedule thereto in the agreed form and **Hedging Master Agreement** means any of them.

Hedging Providers means any bank or financial institution which is a Lender or an Affiliate of a Lender who may at any time enter into or provide a Hedging Transaction and who accedes to the terms of this Agreement pursuant to clause 31.1 and includes their respective successors in title and **Hedging Provider** means any of them.

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

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

IFRS means international accounting standards within the meaning of IAS Regulation 1606/2002.

Increase Confirmation means a confirmation substantially in the form set out in Schedule 7 (*Increase Confirmation*).

Increase Lender has the meaning given to it in clause 2.2 (*Increase*).

Increased Costs has the meaning given to it in clause 13.1(b) (*Increase Costs*).

Indemnified Person means:

(a) each Finance Party and each Receiver and any attorney, agent or other person appointed by them under the Finance Documents;

(b) each Affiliate of each Finance Party and each Receiver; and

(c) any officers, employees or agents of each Finance Party, each Receiver and any of the Affiliates of each Finance Party and each Receiver.

Insolvency Event in relation to a Finance Party means that the Finance Party:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation by it or such regulator, supervisor or similar official, other than, in each case, any Undisclosed Administration;

(e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:

  (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation; or

  (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(f) has a resolution passed for its winding up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, other than, in each case, any Undisclosed Administration;

(h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or

(j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Insurance Notice means, in relation to a Ship, a notice of assignment in the form scheduled to the General Assignment for that Ship or in another approved form.

Insurances means, in relation to a Ship:

(a) all policies and contracts of insurance; and

(b) all entries in a protection and indemnity or war risks or other mutual insurance association

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

Interbank Market means the London interbank market

Interest Period means, in relation to a Loan, each period determined in accordance with clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with clause 8.4 (*Default interest*).

Interpolated Screen Rate means, in relation to any Loan, the rate which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,

each as of the Specified Time for dollars.

Legal Reservations means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Act 1980 and the Foreign Limitation Periods Act 1984, the possibility that an undertaking to assume liability for, or indemnify a person against, non-payment of UK stamp duty may be void and defences of set-off or counterclaim; and

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction.

Lender means:

(a) any Original Lender; and

(b) any bank or financial institution which has become a Party in accordance with clause 2.2 (*Increase)* and clause 32 (*Changes to the Lenders*),

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

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

(a) the applicable Screen Rate as of the Specified Time for the offering of deposits in dollars for a period comparable to the Interest Period for that Loan or relevant part of it or Unpaid Sum; or

(b) as otherwise determined pursuant to clause 10.1 (*Unavailability of Screen Rate*),

and if, in either case, that rate is less than zero, LIBOR shall be deemed to be zero.

LLC Interests Security means the document constituting a first Security Interest by the Borrower in favour of the Security Agent in the agreed form in respect of all of the limited liability company interests in the Owners.

Loan means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan under the Facility.

Losses means any costs, expenses, payments, charges, losses, demands, liabilities, claims, actions, proceedings, penalties, fines, damages, judgments, orders or other sanctions.

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

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

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

Majority Lenders means (if no part of the Loans is then outstanding), a Lender or Lenders whose Commitments aggregate more than 66 2/3% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 2/3% of the Total Commitments immediately prior to the reduction) or (at any other time), a Lender or Lenders whose participations in the Loans aggregate more than 66 2/3% of the Loans.

Manager means, in relation to a Ship, a technical or commercial or crewing manager of that Ship acceptable to the Agent (acting on the instructions of the Majority Lenders) pursuant to the provisions of clause 22.4 (*Manager*) and/or clause 26.8 (*Charterer's manager*).

Manager's Undertaking means, in relation to a Ship, an undertaking by any manager of the Ship to the Security Agent in the agreed form.

Margin means:

(a) two point five per cent (2.50%) per annum; and

(b) such other amount as may be determined from time to time in accordance with clause 8.2 (*Sustainability margin adjustment*).

Material Adverse Effect means, in the reasonable opinion of the Majority Lenders, a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole; or

(b) the ability of an Obligor to perform its obligations under the Finance Documents; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security Interest granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

Minimum Value means, at any time, the amount in dollars which is at that time 125% of the Total Commitments at such time but, where any Mortgaged Ship has become a Total Loss but the Disposal Repayment Date for that Mortgaged Ship has not then occurred, minus such proportion of the aggregate Loans for the Mortgaged Ships as the Fair Market Value of such Mortgaged Ship bore to the aggregate Fair Market Value of all the Mortgaged Ships (including the relevant Mortgaged Ship) immediately before its Total Loss.

Mortgage means, in relation to a Ship, a first mortgage of that Ship in the agreed form by the relevant Owner in favour of the Security Agent.

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

Mortgaged Ship means, at any relevant time, any Ship which is subject to a Mortgage and/or whose Earnings, Insurances and Requisition Compensation are subject to a Security Interest under the Finance Documents.

New Loan has the meaning given to it in clause 5.4 (*Automatic Utilisation*).

Obligors means the parties to the Finance Documents (other than Finance Parties and a Manager that is not a member of the Group) and **Obligor** means any one of them.

Original Financial Statements means the audited consolidated financial statements of the Group for its financial year ended 31 December 2019.

Original Jurisdiction means, in relation to an original Obligor, the jurisdiction under whose laws that Obligor is incorporated or formed as at the date of this Agreement or, in the case of any other Obligor, as at the date on which that Obligor becomes an Obligor.

Owner means, in relation to a Ship, the person specified against the name of that Ship in Schedule 2 (*Ship information*) and **Owners** means all of them.

Parent means the company described as such in Part 1 of Schedule 1 (*The original parties*).

Party means a party to this Agreement.

Payment Disruption Event means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

Permitted Holder means W.L. Ross & Co. L.L.C. (or its successor in title), any investment funds or other entities wholly owned and/or operated by W.L. Ross & Co L.L.C. (or its successor in title), and their respective Affiliates.

Permitted Liens means, in relation to a Ship:

(a) unless a Default is continuing, any ship repairer's or outfitter's possessory lien in respect of such Ship for an amount not exceeding $2,000,000 (or its equivalent in any other currency or currencies);

(b) any lien on such Ship for master's, officer's or crew's wages outstanding in the ordinary course of its trading;

(c) any lien on such Ship for salvage;

(d) any lien arising by operation of law for not more than two months' prepaid hire under any charter in relation to a Ship not prohibited by this Agreement;

(e) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the Owners in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to clause 23.15 (*Repairer's liens*);

(f) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while the Owners are actively prosecuting or defending such proceedings or arbitration in good faith so long as any such proceedings or the continued existence of such Security Interest shall not and may reasonably be considered unlikely to lead to the arrest, sale, forfeiture or loss of, the Ship or any interest in the Ship; and

(g) any Security Interest arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made so long as any such proceedings or the continued existence of such Security Interest shall not and may reasonably be considered unlikely to lead to the arrest, sale, forfeiture or loss of, the Ship or any interest in the Ship.

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

(a) granted by the Finance Documents; or

(b) a Permitted Lien; or

(c) is approved by the Majority Lenders.

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

Quarter Date means 31 March, 30 June, 30 September and 31 December.

Quotation Day means, in relation to any period for which LIBOR is to be determined under this Agreement, the date on which quotations would customarily be provided by leading banks in the Interbank Market for deposits in the relevant currency for delivery on the first day of that period.

Receiver means a receiver or a receiver and manager or an administrative receiver appointed in relation to the whole or any part of any Charged Property under any relevant Security Document.

Reference Bank Rate means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks as the rate at which the relevant Reference Banks could borrow funds in the Interbank Market, in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

Reference Banks means in relation to LIBOR the principal London offices of Nordea Bank AB, London Branch and/or such other banks as may be appointed by the Agent in consultation with the Borrower.

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

Relevant Jurisdiction means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any Charged Property owned by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) any jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

Relevant Nominating Body means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

Repeating Representations means each of the representations and warranties set out in clauses 18.1 (*Status*) to 18.10 (*Ranking and effectiveness of security*) (except for clauses 18.7 (*Information*) and 18.8 (*Original Financial Statements*)).

Replacement Benchmark means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to a Screen Rate.

Representative means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

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

Resolution Authority means any body which has authority to exercise any Write-down and Conversion Powers.

Restricted Party means a person:

(a) that is listed on any Sanctions List (whether designated by name or by reason of being included in a class of person);

(b) that is domiciled, registered as located or has its main place of business in, or is incorporated under the laws of, a country or territory which is subject to country-wide or, as the case may be, territory-wide, Sanctions Laws which attach legal effect to being domiciled, registered as located or having its main place of business in such country or, as the case may be, territory;

(c) that is directly or indirectly owned or controlled by or acting on behalf of a person referred to in (a) and/or (b) above; or

(d) with which any Obligor is prohibited from dealing or otherwise engaging in a transaction with by any Sanctions Laws.

Sanctions Authority means:

(a) the Norwegian State;

(b) the United Kingdom;

(c) the United Nations;

(d) the European Union;

(e) where the Facility Office of any Lender is in the European Union, each member state of the European Union where each such Facility Office is located;

(f) the relevant authority in any country where an Obligor is incorporated or has its principal place of business; and

(g) the United States of America,

and any governmental institutions, agencies or other authority acting on behalf of any of the foregoing in connection with Sanctions Laws (including but not limited to the Office of Foreign Assets Control of the US Department of Treasury (**OFAC**), the United States Department of State, and Her Majesty's Treasury (**HMT**)).

Sanctions Laws means any trade, economic or financial sanctions laws and/or regulations, embargoes or other restrictive measures imposed, administered, enacted and/or enforced by any Sanctions Authority.

Sanctions List means any list of persons or entities issued or maintained or published in connection with Sanctions Laws by or on behalf of any Sanctions Authority (including but not limited to the "Specially Designated Nationals and Blocked Persons" list issued by OFAC and the "Consolidated List of Financial Sanctions Targets and Investment Ban List" issued by HMT).

Screen Rate means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for dollars and the relevant period displayed (before any correction, recalculation or republication by the administrator) on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower and the Lenders.

Screen Rate Replacement Event means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders and the Borrower materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent, provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrower) temporary; or

(ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than five Business Days; or

(d) in the opinion of the Majority Lenders and the Borrower, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

Security Agent means Nordea Bank Abp, filial i Norge or any person who may be appointed as such under clause 34.11 (*Resignation of the Agent*), having regard to clause 34.18 (*Application of certain clauses to Security Agent*).

Security Documents means:

(a) the Mortgages over the Ships;

(b) the General Assignments in relation to the Ships;

(c) the Shipowner Guarantees from each of the Owners;

(d) the LLC Interests Security;

(e) any Charter Assignment;

(f) the Account Security;

(g) any Subordination Agreement;

(h) any Manager's Undertakings; and

(i) any other document as may be executed to guarantee and/or secure any amounts owing to the Finance Parties under this Agreement or any other Finance Document.

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

Security Value means, at any time, the amount in dollars which, at that time, is the aggregate of (a) the aggregate Fair Market Value of all of the Mortgaged Ships which have not then become a Total Loss and (b) the value of any additional security then held by the Security Agent provided under clause 25 (*Minimum security value*), in each case as most recently determined in accordance with this Agreement.

Semi-annual Date means 30 June and 31 December.

Semi-annual Reduction Date means, each Semi-annual Date falling during the period between the first Utilisation Date of the Facility and the Final Repayment Date.

Ships means each of the ships as described in Schedule 2 (*Ship information*) and **Ship** means any of them.

Ship Representations means each of the representations and warranties set out in clauses 18.17 (*Environmental matters*), 18.28 (*Ship status*) and 18.29 (*Ship's employment*).

Shipowner Guarantee means, in relation to an Owner, a guarantee by that Owner in favour of the Security Agent in the agreed form.

Specified Time means 11.00 am (London time) on the Quotation Day.

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

Subordination Agreement means an agreement in the agreed form fully subordinating the Borrower's and the Parent's rights and interest in and to all Financial Indebtedness incurred by an Obligor (except for the Parent) to the Borrower or the Parent to the Finance Parties' under the Finance Documents.

Subsidiary of a person means any other person:

(a) directly or indirectly controlled by such person; or

(b) of whose dividends or distributions on ordinary voting share capital or membership interests such person is entitled to receive more than 50 per cent.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Total Commitments means the lower of the aggregate of the Commitments (being $210,000,000 at the date of this Agreement) and 65% of the fair market value of the Ships as determined on or around (but before) the date of this Agreement by reference to the market valuations of the Ships obtained in accordance with clause 25 (*Minimum Security Value*) and which are dated not more than 30 days prior to the date of this Agreement (or such earlier date approved by the Agent).

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

(a) actual, constructive, compromised or arranged total loss; or

(b) requisition for title, confiscation or other compulsory acquisition by a government entity; or

(c) hijacking, theft, condemnation, capture, seizure, arrest or detention for more than 60 days or, where there has been a hijacking, theft, capture, seizure or detention of the Ship as a result of an act of piracy, 365 days or, if earlier, the date on which the insurance proceeds are paid by the insurers in respect of such hijack, theft, capture, seizure or detention as a result of privacy.

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

(a) in the case of an actual total loss, the date it happened or, if such date is not known, the date on which that Ship was last reported;

(b) in the case of a constructive, compromised, agreed or arranged total loss, the earliest of:

(i) the date notice of abandonment of that Ship is given to its insurers; or

(ii) if the insurers do not admit such a claim, the date later determined by a competent court of law to have been the date on which the total loss happened; or

(iii) the date upon which a binding agreement as to such compromised or arranged total loss has been entered into by the vessel's insurers;

(c) in the case of a requisition for title, confiscation or compulsory acquisition, the date it happened; and

(d) in the case of hijacking, theft, condemnation, capture, seizure, arrest or detention, the date 60 days or, in respect of any hijacking, theft, capture, seizure or detention of the Ship as a result of an act of piracy, 365 days after the date upon which it happened or, if earlier, the date on which the insurance proceeds are paid by the insurers in respect of such hijack, theft, capture, seizure or detention as a result of privacy.

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

(a) the date 120 days after its Total Loss Date; and

(b) the date upon which insurance proceeds or Requisition Compensation for such Total Loss are paid by insurers or the relevant government entity.

Transfer Certificate means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

Transfer Date means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

(b) the date on which the Agent executes the Transfer Certificate.

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

Trust Property means, collectively:

(a) all moneys duly received by the Security Agent under or in respect of the Finance Documents;

(b) any portion of the balance on the Earnings Account held by or charged to the Security Agent at any time;

(c) the Security Interests, guarantees, security, powers and rights given to the Security Agent under and pursuant to the Finance Documents including, without limitation, the covenants given to the Security Agent in respect of all obligations of any Obligor;

(d) all assets paid or transferred to or vested in the Security Agent or its agent or received or recovered by the Security Agent or its agent in connection with any of the Finance Documents whether from any Obligor or any other person; and

(e) all or any part of any rights, benefits, interests and other assets at any time representing or deriving from any of the above, including all income and other sums at any time received or receivable by the Security Agent or its agent in respect of the same (or any part thereof).

Undisclosed Administration means, in relation to a Lender, the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the laws of the country where that Lender is subject to home jurisdiction supervision and/or regulation, if applicable law requires that such appointment is not to be publicly disclosed.

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

Utilisation means a utilisation of the Facility by the borrowing of a Loan.

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

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

VAT means:

(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

Write-down and Conversion Powers means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(c) any similar or analogous powers under that Bail-In Legislation.

1.2 **Construction**

(a) Unless a contrary indication appears, any reference in any of the Finance Documents to:

(i) Sections, clauses and Schedules are to be construed as references to the Sections and clauses of, and the Schedules to, the relevant Finance Document and references to a Finance Document include its Schedules;

(ii) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as it may from time to time be amended, restated, novated or replaced, however fundamentally;

(iii) words importing the plural shall include the singular and vice versa;

(iv) a time of day are to London time;

(v) any person includes its successors in title, permitted assignees or transferees;

(vi) the knowledge, awareness and/or beliefs (and similar expressions) of any Obligor shall be construed so as to mean the knowledge, awareness and beliefs of the director and officers of such Obligor, having made due and careful enquiry;

(vii) agreed form means:

(A) where a Finance Document has already been executed by all of the relevant parties, such Finance Document in its executed form;

(B) prior to the execution of a Finance Document, the form of such Finance Document separately agreed in writing between the Agent and the Borrower as the form in which that Finance Document is to be executed or another form approved at the request of the Borrower or, if not so agreed or approved, is in the form specified by the Agent;

(viii) **approved by the Majority Lenders** or **approved by the Lenders** means approved in writing by the Agent acting on the instructions of the Majority Lenders or, as the case may be, all of the Lenders (on such conditions as they may respectively impose) and otherwise **approved** means approved in writing by the Agent (on such conditions as the Agent may impose) and **approval** and **approve** shall be construed accordingly;

(ix) **assets** includes present and future properties, revenues and rights of every description;

(x) an **authorisation** means any authorisation, consent, concession, approval, resolution, licence, exemption, filing, notarisation or registration;

(xi) **charter commitment** means, in relation to a vessel, any charter or contract for the use, employment or operation of that vessel or the carriage of people and/or cargo or the provision of services by or from it and includes any agreement for pooling or sharing income derived from any such charter or contract;

(xii) **control** of an entity means:

(A) the power (whether by way of ownership of shares, membership interests, proxy, contract, agency or otherwise) to:

(1) cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of that entity; or

(2) appoint or remove all, or the majority, of the directors or other equivalent officers of that entity; or

(3) give directions with respect to the operating and financial policies of that entity with which the directors or other equivalent officers of that entity are obliged to comply; and/or

(xiii) the holding beneficially of more than 30% of the issued share capital or membership interests of that entity (excluding any part of that issued share capital or membership interests that carries no right to participate beyond a specified amount in a distribution of either profits or capital) (and, for this purpose, any Security Interest over share capital or membership interests shall be disregarded in determining the beneficial ownership of such share capital or membership interests);

and **controlled** shall be construed accordingly;

(xiv) the term **disposal** or **dispose** means a sale, transfer or other disposal (including by way of lease or loan but not including by way of loan of money) by a person of all or part of its assets, whether by one transaction or a series of transactions and whether at the same time or over a period of time, but not the creation of a Security Interest;

(xv) **dollars**/**$** means the lawful currency of the United States of America;

(xvi) the **equivalent** of an amount specified in a particular currency (the **specified currency amount**) shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the London foreign exchange market at or about 11 a.m. on the date the calculation falls to be made for spot delivery, as conclusively determined by the Agent (with the relevant exchange rate of any such purchase being the **Agent's spot rate of exchange**);

(xvii) a **government entity** means any government, state or agency of a state;

(xviii) a **guarantee** means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

(xix) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(xx) **month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:

(A) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that month (if there is one) or on the immediately preceding Business Day (if there is not); and

(B) if there is no numerically corresponding day in that month, that period shall end on the last Business Day in that month

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

(xxi) an **obligation** means any duty, obligation or liability of any kind;

(xxii) something being in the **ordinary course of business** of a person means something that is in the ordinary course of that person's current day-to-day operational business (and not merely anything which that person is entitled to do under its Constitutional Documents);

(xxiii) in clause 28 (*Business restrictions*) includes by way of set-off, combination of accounts or otherwise;

(xxiv) a **person** includes any individual, firm, company, corporation, government entity or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(xxv) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and includes (without limitation) any Basel II Regulation or Basel III Regulation;

(xxvi) **right** means any right, privilege, power or remedy, any proprietary interest in any asset and any other interest or remedy of any kind, whether actual or contingent, present or future, arising under contract or law, or in equity;

(xxvii) **trustee**, **fiduciary** and **fiduciary duty** has in each case the meaning given to such term under applicable law;

(xxviii) the **winding up**, **dissolution**, or **administration** of person or (ii) a **receiver** or **administrative receiver** or **administrator** in the context of insolvency proceedings or security enforcement actions in respect of a person shall be construed so as to include any equivalent or analogous proceedings or any equivalent and analogous person or appointee (respectively) under the law of the jurisdiction in which such person is established or incorporated or any jurisdiction in which such person carries on business including (in respect of proceedings) the seeking or occurrences of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors;

(xxix) a provision of law is a reference to that provision as amended or re-enacted; and

(xxx) a reference to costs in the context of enforcement in a Finance Document shall include fees, costs and expenses of legal advisers, financial advisers and insurance and other consultants, brokers, surveyors and advisers.

(xxxi) Where in this Agreement a provision includes a monetary reference level in one currency, unless a contrary indication appears, such reference level is intended to apply equally to its equivalent in other currencies as of the relevant time for the purposes of applying such reference level to any other currencies.

(xxxii) Section, clause and Schedule headings are for ease of reference only.

(xxxiii) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(xxxiv) A Default (other than an Event of Default) is continuing if it has not been remedied or waived and an Event of Default is continuing if it has not been waived or, if in the opinion of the Agent such Event of Default is capable of being remedied, remedied to the satisfaction of the Agent.

(xxxv) Unless a contrary indication appears, in the event of any inconsistency between the terms of this Agreement and the terms of any other Finance Document when dealing with the same or similar subject matter, the terms of this Agreement shall prevail.

1.3 **Third party rights**

(a) Unless expressly provided to the contrary in a Finance Document for the benefit of a Finance Party or another Indemnified Person, a person who is not a party to a Finance Document has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or to enjoy the benefit of any term of the relevant Finance Document.

(b) Any Finance Document may be rescinded or varied by the parties to it without the consent of any person who is not a party to it (unless otherwise provided by this Agreement).

(c) An Indemnified Person who is not a party to a Finance Document may only enforce its rights under that Finance Document through a Finance Party and if and to the extent and in such manner as the Finance Party may determine.

1.4 **Finance Documents**

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

1.5 **Conflict of documents**

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

SECTION 2 - THE FACILITIES

2 The Facility

2.1 **The Revolving Credit Facility**

Subject to the terms of this Agreement, the Lenders make available to the Borrower a revolving credit facility in an aggregate principal amount of up to the Total Commitments.

2.2 **Increase**

(a) The Borrower may by giving prior notice to the Agent by no later than the date falling five Business Days after the effective date of a cancellation of:

(i) the undrawn Commitments of a Defaulting Lender in accordance with clause 7.5(g); or

(ii) the Commitments of a Lender in accordance with clause 7.1 (*Illegality*),

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

(i) the increased Commitments will be assumed by one or more Lenders or other banks or financial institutions (each an **Increase Lender**) selected by the Borrower (each of which shall not be a member of the Group and which is further acceptable to the Agent (acting reasonably)) and each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;

(iii) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;

(iv) each Increase Lender shall become a Party as a "Lender" and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;

(v) the Commitments of the other Lenders shall continue in full force and effect; and

(vi) any increase in the Total Commitments shall take effect on the date specified by the Borrower in the notice referred to above or any later date on which the conditions set out in clause 2.2(b) are satisfied.

(b) An increase in the Total Commitments will only be effective on:

(i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender;

(ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase the performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Agent shall promptly notify to the Borrower and the Increase Lender.

(c) Each of the other Finance Parties hereby appoint the Agent as its agent to execute on its behalf any Increase Confirmation delivered to the Agent in accordance with this clause 2.2.

(d) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.

(e) Unless the Agent otherwise agrees or the increased Commitments are assumed by an existing Lender, the Borrower shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee of $5,000 and the Borrower shall promptly on demand pay the Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with any increase in Commitments under this clause 2.2.

(f) The Borrower may pay to the Increase Lender a fee in the amount and at the times agreed between the Borrower and the Increase Lender in a letter between the Borrower and the Increase Lender setting out that fee. A reference in this Agreement to a Fee Letter shall include any letter referred to in this clause 2.2(f).

(g) Clause 32.4 (*Limitation of responsibility of Existing Lenders*) shall apply mutatis mutandis in this clause 2.2(g) in relation to an Increase Lender as if references in that clause to:

(i) an **Existing Lender** were references to all the Lenders immediately prior to the relevant increase;

(ii) the **New Lender** were references to that **Increase Lender**; and

(iii) a **re-assignment** were references to an assignment.

2.3 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights (subject to clause 34.22 (*All enforcement action through the Agent*)) in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by an Obligor which relates to a Finance Party's participation in the Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by that Obligor.

(c) A Finance Party may, except as otherwise stated in the Finance Documents (including clauses 34.22 (*All enforcement action through the Agent*)) and 35.2 (*Finance Parties acting together*), separately enforce its rights under the Finance Documents.

3 Purpose

3.1 Purpose

(a) The Borrower shall apply all amounts borrowed under the Facility in accordance with this clause 3 (*Purpose*).

(b) The Facility shall be made available to the Borrower for the purposes of refinancing the Existing Credit Facility and for its general corporate and working capital purposes.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 Conditions of Utilisation

4.1 Initial conditions precedent

The Lenders will only be obliged to comply with clause 5.4 (*Lenders' participation*) in relation to any Utilisation if on or before the date that the Borrower delivers the first Utilisation Request under this Agreement, all of the documents and other evidence listed in Part 1 of Schedule 3 (*Conditions precedent to any Utilisation*) in form and substance satisfactory to the Agent.

4.2 Ship and security conditions precedent

The Total Commitments shall only become available for borrowing under this Agreement if the Agent, or its duly authorised representative, has received all of the documents and evidence listed in Part 2 of Schedule 3 (*Ship and security conditions precedent*) in form and substance satisfactory to the Agent.

4.3 Notice to Lenders

The Agent shall notify the Borrower and the Lenders promptly upon receiving and being satisfied with all of the documents and evidence referred to in this clause 4 in form and substance satisfactory to it. Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives any such notification, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.4 Further conditions precedent

The Lenders will only be obliged to comply with clause 5.4 (*Lenders' participation*) if:

(a) in respect of any Utilisation, on the date of the Utilisation Request and on the proposed Utilisation Date no Event of Default is continuing or would result from the proposed Utilisation;

(b) on the date of any Utilisation Request and on the proposed Utilisation Date the Repeating Representations are true and, in relation to the first Utilisation, all of the other representations set out in clause 18 (*Representations*), are true; and

(c) in the case of the first Utilisation, the Ship Representations for the Ships are true on the proposed Utilisation Date.

4.5 **Waiver of conditions precedent**

The conditions in this clause 4 are inserted solely for the benefit of the Finance Parties and may be waived on their behalf in whole or in part and with or without conditions by the Agent acting:

(a) in respect of the conditions in clause 4.1 (*Initial conditions precedent*) and 4.2 (*Ship and security conditions precedent*) on the instructions of all the Lenders; or

(b) in respect of the conditions in clause 4.4 (*Further conditions precedent*) on the instructions of the Majority Lenders.

SECTION 3 - UTILISATION

5 Utilisation

5.1 **Delivery of a Utilisation Request**

(a) The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request:

(i) in respect of the first Utilisation, not later than 11:00 a.m. three Business Days before the proposed Utilisation Date; and

(ii) in respect of each subsequent Utilisation, not later than 11:00 a.m. three Business Days before the proposed Utilisation Date.

(b) The Borrower may, subject to clauses 5.1(c) and 5.4 (*Automatic Utilisation*), borrow a Loan by giving to the Agent a duly completed Utilisation Request.

(c) The Borrower may not deliver a Utilisation Request if as a result of the proposed amount of the Utilisation, more than five Loans would be outstanding or if as a result of the proposed Utilisation, the Borrower would not be in compliance with its obligations under clause 25 (*Minimum security value*) on the proposed Utilisation Date.

5.2 **Completion of a Utilisation Request**

A Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) the proposed Utilisation Date is a Business Day falling within the Availability Period;

(b) the currency and amount of the Utilisation comply with clause 5.3 (Currency and amount); and

(c) the proposed Interest Period complies with clause 9 (Interest Periods).

5.3 **Currency and amount**

(a) The currency specified in a Utilisation Request must be dollars.

(b) On each relevant Utilisation Date under the Facility the amount of the proposed Loan must be in a minimum amount of $5,000,000 or, if less, the amount of the Total Commitments and must not exceed (when aggregated with all outstanding Loans at such time) the Total Commitments.

(c) If the amount requested in a Utilisation Request is greater than the amount capable of being advanced as a result of compliance with the requirements of clause 5.3(b), then only the lower amount shall be available to be advanced (and the Utilisation Request shall be construed by reference to this lower amount).

5.4 **Automatic Utilisation**

(a) If, not later than 11:00 am three Business Days before the last day of an Interest Period for a maturing Loan (the **Maturing Loan**), the Agent has not received either:

(i) a Utilisation Request pursuant to clause 5.1(a) indicating that the Borrower wishes to rollover the Maturing Loan pursuant to clause 6.2(b) but on different terms to those on which the Maturing Loan is currently borrowed; or

(ii) notice in writing from the Borrower that the Borrower wishes to repay the Maturing Loan at the end of that Interest Period,

then the Borrower shall automatically be deemed to have delivered an irrevocable Utilisation Request to the Agent requesting that a new Loan (the **New Loan**) be made available under the same Facility as the Maturing Loan on the following terms:

(A) the amount of the New Loan shall, subject to clauses 6.2 (*Reduction of Credit Facility*) and 25.12 (*Security Shortfall*) (having regard to any reduction in the Commitments arising as a result of such clauses) be equal to the Maturing Loan and if clauses 6.2 and/or 25.12 apply then the New Loan shall be reduced to reflect the application of such clauses and clause 6.1(b)(ii)(C) shall apply with respect to the resulting difference between the New Loan and the Maturing Loan;

(B) the proposed Utilisation Date shall be the last day of an Interest Period for the Maturing Loan; and

(C) the Interest Period for the New Loan shall be the same period as the then current Interest Period applicable to the Maturing Loan unless that would cause the Interest Period to extend longer than the Final Repayment Date in which case the Interest Period shall be a period which would expire on the Final Repayment Date of the New Loan.

(b) On the Utilisation Date of the New Loan, the Agent shall refinance the Maturing Loan with the New Loan and the provisions of clause 6.2(a) shall otherwise apply.

5.5 **Lenders' participation**

(a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in a Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender's participation in a Loan will be equal to the proportion borne by its undrawn Commitment to the undrawn Commitments under the Facility immediately prior to making the Loan.

(c) The Agent shall promptly notify each Lender of the amount of a Loan and the amount of its participation in the Loan, in each case by 11:00 a.m. on the Quotation Day.

(d) The Agent shall pay all amounts received by it in respect of each Loan (and its own participation in it, if any) to the Borrower or for its account in accordance with the instructions contained in the Utilisation Request.

SECTION 4 - REPAYMENT, PREPAYMENT AND CANCELLATION

6 Repayment and reduction

6.1 **Repayment of Loans**

(a) The Borrower shall repay each Loan on the last day of its Interest Period.

(b) Without prejudice to the Borrower's obligation under clause 6.1(a) above, if:

(i) a new Loan is to be made available to the Borrower under the Facility:

(A) on the same day that a maturing Loan is due to be repaid by the Borrower; and

(B) in whole or in part for the purpose of refinancing the maturing Loan; and

(ii) the proportion borne by each Lender's participation in the maturing Loan to the amount of that maturing Loan is the same as the proportion borne by that Lender's participation in the new Loan to the aggregate amount of the new Loan,

the aggregate amount of the new Loan shall, unless the Borrower notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Loan so that:

(C) if the amount of the maturing Loan exceeds the amount of the new Loan:

(1) the Borrower will only be required to make a payment under clause 37.1 (*Payments to the Agent*) in an amount equal to that excess; and

(2) each Lender's participation in the new Loan shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan and that Lender will not be required to make a payment under clause 37.1 (*Payments to the Agent*) in respect of its participation in the new Loan; and

(D) if the amount of the maturing Loan is equal to or less than the new Loan:

(1) the Borrower will not be required to make a payment under clause 37.1 (*Payments to the Agent*); and

(2) each Lender will be required to make a payment under clause 37.1 (*Payments to the Agent*) in respect of its participation in the new Loan only to the extent that its participation in the new Loan exceeds that Lender's participation in the maturing Loan and the remainder of that Lender's participation in the new Loan shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Loan.

6.2 **Extension of Facility**

(a) At any time during the period falling between 12 and 36 months after the date of this Agreement the Borrower may by written notice to the Agent request that the Final Repayment Date be extended by a further period of one year (the **Facility Extension**). The Final Repayment Date shall in no event extend beyond the date falling five years from the date of this Agreement.

(b) Where a request is made by the Borrower pursuant to (a) above the Lenders shall determine in their sole discretion whether to consent to the Facility Extension request and the Agent shall advise the Borrower of the decision of the Lenders in writing no later than 30 days following receipt of the Borrower's request. If the Lenders agree to the Facility Extension request paragraph (b) of the definition of Final Repayment Date shall apply and this Agreement and any of the other Finance Documents shall be construed accordingly.

(c) The Borrower agrees to execute (or procure the execution of) any documentation supplemental to this Agreement and any other Finance Document as the Agent or any Lender may reasonably require for the purposes of reflecting the Facility Extension and the amendment to the Final Repayment Date.

6.3 **Reduction of Facility**

The Facility and the Commitments shall be reduced on each Semi-annual Reduction Date by an amount equal to the scheduled reduction amounts set out in Schedule 8 (*Scheduled Reduction Amounts)*. If (a) the amount of the available facility is less than $210,000,000 due to a reduction in the Total Commitments at the signing date of this Agreement or from time to time thereafter or (b) where the Facility Extension applies in accordance with clause 6.2 (*Extension of Facility*), then Schedule 8 (*Scheduled Reduction Amounts)* shall be updated at such time to reflect the revised scheduled reduction amounts. If at the time of any reduction in the Commitments the amount of any outstanding Loan exceeds the Total Commitments at the time of that reduction, the Borrower shall at such time prepay such Loan in an amount equal to the relevant excess and any reduction in the Commitments shall reduce rateably the Commitment of each Lender at such time.

6.4 **Final Repayment Date**

On the Final Repayment Date (without prejudice to any other provision of this Agreement), all outstanding amounts under this Agreement and the Security Documents (including, but not limited to the outstanding amount of the Loans) shall be repaid in full and the Total Commitments shall be reduced to zero.

7 Illegality, prepayment and cancellation

7.1 **Illegality**

If, in any applicable jurisdiction, it becomes unlawful and/or contrary to Sanctions Laws (or declared by any Sanctions Authority to be contrary to Sanctions Laws or sanctionable by any Sanctions Authority) applicable to the relevant Lender or otherwise impossible for any Lender to perform any of its obligations as contemplated by this Agreement or any of the other Finance Documents, or for any Lender to fund or maintain its participation in the Facility and in the Loans:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Borrower (which notice shall be given as soon as reasonably practicable following receipt by the Agent of the notice referred to in paragraph (a) above), the Commitment of that Lender will be immediately cancelled and the remaining Total Commitments shall each be reduced rateably; and

(c) the Borrower shall repay that Lender's participation in the Loans on the last day of the Interest Period for each Loan occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 **Change of control**

(a) The Borrower shall promptly notify the Agent upon any Obligor becoming aware of a Change of Control.

(b) If a Change of Control occurs and unless the Agent has previously approved the Change of Control (acting on the instructions of the Majority Lenders, whose consent shall not be unreasonably withheld or delayed) the Total Commitments shall be cancelled with effect from the date such Change of Control occurs and the Loans shall be prepaid in full on or before the date falling 60 days after the date on which such Change of Control occurs (together with all other outstanding amounts under this Agreement and any of the Security Documents then due and payable at such time).

7.3 **Voluntary cancellation**

The Borrower may, if it gives the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice, cancel the whole or any part (being a minimum amount of $1,000,000 and a multiple of $1,000,000) of a Commitment. Upon any such cancellation, the Total Commitments shall be reduced by the same amount. Any cancellation under this clause 7.3 shall reduce the Commitments of the Lenders rateably.

The Borrower shall only be entitled to cancel the whole or any part of the Total Commitments which is then drawn if the Borrower prepays such amount of a Loan as may be necessary to ensure that the outstanding Loans after the date of such cancellation will not exceed the Total Commitments (as reduced by this clause 7.3).

7.4 **Voluntary prepayment of Loans**

For the purpose of clause 25.12(b) (*Security shortfall*) the Borrower may, if it gives the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice, prepay either the whole or any part of any Loan (but if in part, being an amount that reduces the Loan by a minimum amount of $1,000,000 and which is a multiple of $1,000,000 or such other amount as is acceptable to the Agent).

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

(a) If:

(i) any Lender notifies the Agent pursuant to clause 7.1;

(ii) any sum payable to any Lender by an Obligor is required to be increased under clause 12.2 (*Tax gross-up*);

(iii) any Lender claims indemnification from the Borrower under clause 12.3 (*Tax indemnity*) or clause 13.1 (*Increased Costs*);

(iv) any Lender refuses to consent to any amendments or waivers requested by the Borrower pursuant to any provision of this Agreement where such provision is expressed to require the consent of such Lender; or

(v) during a Market Disruption Event, any Lender notifies the Agent of a sum under clause 10.3(ii) and that sum is materially greater than the equivalent sums notified by the other Lenders to the Agent under the same clause 10.3(ii),

the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with clause 7.5(d).

(b) On receipt of a notice referred to in clause 7.5(a) above, the Commitment of that Lender shall immediately be reduced to zero and (unless the Commitment of the relevant Lender is replaced in accordance with clause 7.5(d)) the remaining Total Commitments shall each be reduced rateably.

(c) On the last day of each Interest Period which ends after the Borrower has given notice under clause 7.5(a) above in relation to a Lender (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loans.

(d) The Borrower may, in the circumstances set out in clause 7.5(a), with 10 Business Days' prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to transfer (and, to the extent permitted by law, that Lender shall transfer) pursuant to clause 32 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Borrower which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with clause 32 (Changes to the Lenders) for a purchase price in cash or other cash payment payable at the time of the transfer equal to the aggregate of:

(i) the outstanding principal amount of such Lender's participation in the Loans;

(ii) all accrued interest owing to such Lender;

(iii) the Break Costs which would have been payable to such Lender pursuant to clause 10.5 (*Break Costs*) had the Borrower prepaid in full that Lender's participation in the Loans on the date of the transfer; and

(iv) all other amounts payable to that Lender under the Finance Documents on the date of the transfer.

(e) The replacement of a Lender pursuant to clause 7.5(d) shall be subject to the following conditions:

(i) the Borrower shall have no right to replace the Agent;

(ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;

(iii) in no event shall the Lender replaced under clause 7.5(d) be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and

(iv) the Lender shall only be obliged to assign its rights pursuant to clause 7.5(d) above once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that assignment and the Agent has approved such "know your customer" or other similar checks.

(f) A Lender shall perform the checks described in clause 7.5(e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in clause 7.5(d) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

(g) If any Lender becomes a Defaulting Lender, the Borrower may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent 5 Business Days' notice of cancellation of the undrawn Commitments of that Lender.

(h) On such notice becoming effective:

(i) the undrawn Commitments of the Defaulting Lender shall immediately be reduced to zero;

(ii) the undrawn Total Commitments shall then be reduced by a corresponding amount pro rata; and

(iii) the Agent shall as soon as practicable after receipt of such notice, notify all the Lenders.

7.6 **Sale or Total Loss**

(a) If a Ship becomes a Total Loss before the Total Commitments have become available for borrowing under this Agreement, the Total Commitments shall be reduced by the Applicable Fraction of the Total Commitments respectively immediately prior to the Total Loss.

(b) On a Mortgaged Ship's Disposal Repayment Date:

(i) the Total Commitments shall be permanently reduced by the Applicable Fraction of the Total Commitments immediately prior to the Mortgaged Ship's Disposal Repayment Date; and

(ii) the Borrower shall also prepay such amount of any Loans as is necessary to ensure that the Borrower shall be in compliance with its obligations under clause 25 (*Minimum security value*) on the Mortgaged Ship's Disposal Repayment Date.

(c) For the purposes of this clause, **Applicable Fraction** means a fraction having a numerator equal to the Fair Market Value of the Mortgaged Ship or, for the purpose of clause 7.6(a), the Ship which was the subject of the sale or total loss and a denominator equal to the aggregate Fair Market Value of all the Mortgaged Ships or, for the purpose of clause 7.6(a), all the Ships.

7.7 **Release of Mortgaged Ship Security**

Once the Agent has confirmed that it has received or will receive to its satisfaction all amounts payable pursuant to clause 7.6(b), the Borrower may request the consent of the Security Agent (acting on the instructions of all Lenders) to release, discharge and/or, as appropriate, reassign the Security Documents (and the Security Interests assigned or charged thereunder) executed in respect of such Mortgaged Ship. In addition, the Borrower shall also be entitled to make a request for a release of security in respect of a Mortgage Ship where it has made a cancellation of the Commitments under clause 7.3 (*Voluntary cancellation*) for the purpose of removing that

Mortgage Ship from the financing arrangements contemplated by this Agreement provided that the Borrower shall be in compliance with its obligations under clause 25 (*Minimum security value*) following such release or discharge. When any consent to the release of security is so given, any release arrangements of the type referred to in this clause shall be at the cost and expense of the Borrower. It is agreed that the consent to release the Security Documents under this clause 7.7 shall not be unreasonably withheld or delayed in circumstances where all amounts required to be paid under clause 7.6 and/or clause 25 have been received by the Agent.

7.8 **Automatic cancellation**

Unless otherwise agreed, in relation to the first Loan to be utilised under this Agreement, the proposed Utilisation Date must be a date which is no later than 15 September 2020 and if the first Loan is not utilised by such date, the Availability Period (as contemplated by the definition of Availability Period) shall come to an end on 15 September 2020 and the Commitments for the Facility shall be cancelled and shall immediately be reduced to zero.

7.9 **Restrictions**

(a) Any notice of cancellation or prepayment given by any Party under this clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty. Any cancellation of any part of the Total Commitments pursuant to clause 7.3 (*Voluntary Cancellation*) under this Agreement shall be without premium or penalty.

(c) Unless a contrary indication appears in this Agreement, any part of the Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

(d) The Borrower shall not repay or prepay all or any part of a Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) Subject to clause 2.2 (*Increase*) no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender, as appropriate.

(g) If the Total Commitments are partially reduced and as a result a Loan is partially prepaid under this Agreement (other than under clause 7.1 (*Illegality*), clause 7.5 (*Right of replacement or cancellation and prepayment in relation to a single Lender*) or clause 7.6 (*Sale or Total Loss*)):

(i) the Commitments of the Lenders shall be reduced rateably for the Facility;

(ii) in the case of a prepayment in respect of the Facility, such prepayment shall be applied pro rata in prepaying the principal outstanding amount of a Loan (and a permanent reduction by the same amount in the Total Commitments); and

(iii) if following any reduction of the Commitments the amount of the Loan exceeds the relevant Commitments at the time of that reduction, the Borrower shall prepay such Loan in an amount equal to the relevant excess.

(h) Any cancellation of the Commitments and/or prepayment under this Agreement shall be made together with payment to any Hedging Provider of any amount falling due to the relevant Hedging Provider under a Hedging Contract as a result of the termination or close out of that Hedging Contract or any Hedging Transaction under it in accordance with clause 29.2 (*Unwinding of Hedging Contracts*) in relation to that prepayment.

7.10 **Partial prepayment**

Any partial prepayment of the Loans and/or reduction of the Facility made pursuant to clause 25.12(c) (*Security shortfall*) shall be applied in prepaying each Loan and reducing the Total Commitments by reference to the portion borne by that Loan and, as the case may be, the Total Commitments to the aggregate of those Loans and the Total Commitments. Where at the time of any reduction of the Total Commitments the aggregate amount of the Loans exceeds the Total Commitments (as reduced), the Borrower shall be obliged to prepay the amount of the excess at the same time as the relevant reduction takes place.

SECTION 5 - COSTS OF UTILISATION

8 Interest

8.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin; and

(b) LIBOR.

8.2 Sustainability margin adjustment

(a) Subject to the other provisions of this clause, upon the written request of the Borrower at any time during the period falling between 12 and 36 months after the date of this Agreement (which shall be accompanied with a Sustainability Certificate for the calendar year immediately prior to the date of such request) and with the prior written consent of all Lenders the provisions of Schedule 9 (*Sustainability Margin Adjustment*), as such Schedule 9 shall be finalised by the Borrower and the Sustainability Agent (acting on the instructions of all Lenders), shall enter into force on the date agreed between the Borrower and the Agent (acting on the instructions of all Lenders) (the **Sustainability Margin Date**). From the Sustainability Margin Date, the Margin (as specified in paragraph (a) of its definition in clause 1.1 (*Definitions*)) for each subsequent calendar year during the Facility Period will be determined and adjusted in accordance with the terms set out in Schedule 9 (*Sustainability Margin Adjustment*) (as amended) and references to 'Margin' in this Agreement shall be construed accordingly.

(b) Subject to the provisions of clause 8.2(a), the Sustainability Margin Adjustment may not apply earlier than the calendar year immediately following the Sustainability Margin Date.

(c) The Borrower undertakes to execute (or procure the execution of) any documentation supplemental to this Agreement and any other Finance Document as the Agent may in its sole discretion require for the purposes of adjusting Schedule 9 (*Sustainability Margin Adjustment*) consequent to an agreement with the Agent in accordance with clause 8.2(a) and/or reflecting an amendment to the rate of Margin.

(d) Unless otherwise defined in this Agreement, expressions used in this clause 8.2 shall have the meaning given to them in Schedule 9 (*Sustainability Margin Adjustment*).

8.3 Payment of interest

The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period (and, if the Interest Period is longer than three months, on the dates falling at three monthly intervals after the first day of the Interest Period).

8.4 Default interest

(a) If an Obligor fails to pay any amount payable by it under a Finance Document (other than a Hedging Contract) on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to clause 8.4(b) below, is two point zero per cent (2.0%) higher than the rate of interest most recently calculated (prior to the due date of the overdue amount) pursuant to clause 8.1 (*Calculation of interest*), for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing in accordance with this clause 8.4 shall be immediately payable by the Obligor on demand by the Agent.

(b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan or the relevant part of it:

(i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to the relevant Loan; and

(ii) the rate of interest applying to the overdue amount during that first Interest Period shall be two point zero per cent (2.0%) per annum higher than the rate which would have applied if the overdue amount had not become due.

(c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.5 **Notification of rates of interest**

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

9 Interest Periods

9.1 **Selection of Interest Periods**

(a) The Borrower may select an Interest Period for a Loan in the Utilisation Request for that Loan.

(b) If the Borrower does not issue a Utilisation Request, the relevant Interest Period for such Loan shall be three months.

(c) Subject to this clause 9, the Borrower may select an Interest Period of three or six months or, on no more than three occasions in any calendar year, one month, or any other period agreed between the Borrower and the Agent on the instructions of all the Lenders.

(d) No Interest Period shall extend beyond the Final Repayment Date.

9.2 **Start date of Interest Periods**

The Interest Period for a Loan shall start on its Utilisation Date.

9.3 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 Changes to the calculation of interest

10.1 Unavailability of Screen Rate

(a) If no Screen Rate is available for LIBOR for the Interest Period of a Loan, the applicable LIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Loan.

(b) If no Screen Rate is available for LIBOR for:

(i) dollars; or

(ii) the Interest Period of the Loan and it is not possible to calculate the Interpolated Screen Rate,

the applicable LIBOR shall be the Reference Bank Rate as of the Specified Time and for a period equal in length to the Interest Period of the relevant Loan.

10.2 Calculation of Reference Bank Rate

Subject to clause 10.3 (*Market Disruption Event*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation the Specified Time, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

10.3 Market Disruption Event

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in the Loan from whatever source it may reasonably select.

(b) If a Market Disruption Event occurs, the Agent shall, as soon as practicable, notify the Borrower.

(c) In this Agreement **Market Disruption Event** means that:

(i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available, it is not possible to calculate the Interpolated Screen Rate and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR for the relevant Interest Period; or

(ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan are equal to or exceed 50% of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of LIBOR.

10.4 Alternative basis of interest or funding

(a) If a Market Disruption Event occurs and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to clause 10.4(a) above shall, with the prior consent of all the Lenders be binding on all Parties.

10.5 **Break Costs**

(a) The Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum or relevant part of it.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fees

11.1 **Commitment commission**

(a) The Borrower shall pay to the Agent (for the account of each Lender) a fee in dollars computed at the rate of 35% per cent of the Margin on the undrawn and uncancelled portion of that Lender's Commitment calculated on a daily basis from the date of this Agreement (the **start date**).

(b) The Borrower shall pay the accrued commitment commission on each Quarter Date commencing on the first Quarter Date following the start date of this Agreement up to and including the Final Repayment Date on the relevant Lender's Commitment in respect of the Total Commitments and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment in respect of the Total Commitments at the time the cancellation is effective.

(c) No commitment fee is payable to the Agent (for the account of a Lender) on any undrawn Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

11.2 **Facility Extension**

Where the Facility Extension is granted pursuant to clause 6.2 (*Extension of Facility*), the Borrower shall pay to the Agent (for the account of each Lender) a fee in dollars computed at the rate of 0.1875% of the amount of the Facility as at the date on which the Facility Extension is so granted, with such fee to be payable within five (5) Business Days of the date that the Borrower is notified by the Agent that the Facility Extension has been granted.

11.3 **Additional Fees**

The Borrower shall also pay to the Agent the fees in the amount and at the times agreed in any Fee Letter.

SECTION 6 - ADDITIONAL PAYMENT OBLIGATIONS

12 Tax gross-up and indemnities

12.1 **Definitions**

(a) In this Agreement:

Protected Party means a Finance Party or, in relation to clause 14.4 *(Indemnity concerning security)* and clause 14.7 *(Interest)* insofar as it relates to interest on any amount demanded by that Indemnified Person under clause 14.4 *(Indemnity concerning security)*, any Indemnified Person, which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document (other than a Hedging Contract) other than a FATCA Deduction.

Tax Payment means either the increase in a payment made by an Obligor to a Finance Party under clause 12.2 (*Tax gross-up*) or a payment under clause 12.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this clause 12 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross-up**

(a) Each Obligor shall make all payments to be made by it under any Finance Document without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower shall, promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction), notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor under the relevant Finance Document shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

(f) This clause 12.2 shall not apply in respect of any payments under any Hedging Contract, where the gross-up provisions of the relevant Hedging Master Agreement itself shall apply.

12.3 **Tax indemnity**

(a) The Borrower shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Clause 12.3(a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party;

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under clause 12.2 (*Tax gross-up*);

(B) is compensated for by a payment under clause 12.5 (*Indemnities on an after Tax basis*); or

(C) relates to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make a claim under clause 12.3(a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from an Obligor under this clause 12.3, notify the Agent.

12.4 **Tax Credit**

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable (i) to an increased payment of which that Tax Payment forms part, (ii) to that Tax Payment or (iii) to a Tax Deduction in consequence of which that Tax Payment was required; and

(b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 **Indemnities on after Tax basis**

(a) If and to the extent that any sum payable to any Protected Party by the Borrower under any Finance Document by way of indemnity or reimbursement proves to be insufficient, by reason of any Tax suffered thereon, for that Protected Party to discharge the corresponding liability to a third party, or to reimburse that Protected Party for the cost incurred by it in discharging the corresponding liability to a third party, the Borrower shall pay that Protected Party such additional sum as (after taking into account any Tax suffered by that Protected Party on such additional sum) shall be required to make up the relevant deficit.

(b) If and to the extent that any sum (the **Indemnity Sum**) constituting (directly or indirectly) an indemnity to any Protected Party but paid by the Borrower to any person other than that Protected Party, shall be treated as taxable in the hands of the Protected Party, the Borrower shall pay to that Protected Party such sum (the **Compensating Sum**) as (after taking into account any Tax suffered by that Protected Party on the Compensating Sum) shall reimburse that Protected Party for any Tax suffered by it in respect of the Indemnity Sum.

(c) For the purposes of this clause 12.5 a sum shall be deemed to be taxable in the hands of a Protected Party if it falls to be taken into account in computing the profits or gains of that Protected Party for the purposes of Tax and, if so, that Protected Party shall be deemed to have suffered Tax on the relevant sum at the rate of Tax applicable to that Protected Party's profits or gains for the period in which the payment of the relevant sum falls to be taken into account for the purposes of such Tax.

(d) There shall be taken into account, in determining whether any amount referred to in clause 12.5(a) is insufficient, the amount of any deduction or other relief, allowance or credit available to the Protected Party in respect of the Protected Party's corresponding liability to a third party or the cost incurred by the Protected Party in discharging the corresponding liability to a third party.

12.6 **Stamp taxes**

(a) The Borrower shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

(b) Paragraph (a) above shall not apply in respect of any stamp duty, registration or other similar Taxes which are payable in respect of an assignment or transfer of any kind by a Finance Party of any of its rights and/or obligations under a Finance Document other than at the request of the Borrower or Parent or following an Event of Default which is continuing.

12.7 **Value added tax**

(a) All amounts expressed in a Finance Document to be payable by any party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to clause 12.7(b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any party under a Finance Document, and such Finance Party is required to account to the relevant tax authority for the VAT, that party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that party).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the **Supplier**) to any other Finance Party (the **Recipient**) under a Finance Document, and any party to a Finance Document other than the Recipient (the **Subject Party**) is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

(i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Subject Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (a) applies) promptly pay to the Subject Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and

(ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Subject Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(c) Where a Finance Document requires any party to it to reimburse or indemnify a Finance Party for any cost or expense, that party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment of in respect of such VAT from the relevant tax authority.

(d) Any reference in this clause 12.7 (*Value Added Tax*) to any party shall, at any time when such party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to any member of such group at such time.

(e) In relation to any supply made by a Finance Party to any party under a Finance Document, if reasonably requested by such Finance Party, that party must promptly provide such Finance Party with details of that party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.8 **FATCA Information**

(a) Subject to clause 12.8(c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party;

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to another Party pursuant to clause 12.8(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Clause 12.8(a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a party to any Finance Document fails to confirm its status or to supply forms, documentation or other information requested in accordance with clause 12.8(a)(i) or clause 12.8(a)(ii) above (including, for the avoidance of doubt, where 12.8(c) applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

12.9 **FATCA Deduction**

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Company and the Agent and the Agent shall notify the other Finance Parties.

13 Increased Costs

13.1 **Increased Costs**

(a) Subject to clause 13.3 (*Exceptions*), the Borrower shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates which:

(i) arises as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement; and/or

(ii) is a Basel III Increased Cost.

(b) In this Agreement **Increased Costs** means:

(i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 **Increased Cost claims**

(a) A Finance Party intending to make a claim pursuant to clause 13.1 (*Increased Costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions**

(a) Clause 13.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) attributable to a FATCA Deduction required to be made by a Party;

(iii) compensated for by clause 12.3 (*Tax indemnity*) (or would have been compensated for under clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in clause 12.3(b) applied); or

(iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

(b) In this clause 13.3, a reference to a **Tax Deduction** has the same meaning given to the term in clause 12.1 (*Definitions*).

(c) Any claim for an Increased Cost made pursuant to clause 13.1 above that arises from or is related to a Basel III Increased Cost incurred by any Finance Party shall be recoverable only to the extent that such Basel III Increased Cost is attributable to the implementation or application of or compliance with any Basel III Regulation which has come into force after the date of this Agreement.

14 Other indemnities

14.1 **Currency indemnity**

(a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

(i) making or filing a claim or proof against that Obligor; and/or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall, as an independent obligation, within three Business Days of demand by a Finance Party, indemnify each Finance Party to whom that Sum is due against any Losses arising out of or as a result of the conversion including any discrepancy between (i) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (ii) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 **Other indemnities**

The Borrower shall (or shall procure that another Obligor will), within three Business Days of demand by a Finance Party, indemnify each Finance Party against any and all Losses incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any and all Losses arising as a result of clause 36 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);

(d) the Loans (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower;

(e) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions Laws (including, without limitation, any Losses incurred by that Finance Party in investigating any possible breach of such laws but excluding any Losses incurred by that Finance Party solely by reason of that Finance Party's own breach of such laws); or

(f) incurred by it as a result of any claim, action, civil penalty or fine against, any settlement, and any other kind of loss or liability, and all reasonable costs and expenses (including reasonable counsel fees and disbursements) incurred by the Agent, the Security Agent or any Lender as a result of conduct of any Obligor or any of their partners, directors, officers, employees, agents or advisors, that violates any Sanctions Laws.

14.3 **Indemnity to the Agent**

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

(a) any and all Losses incurred by the Agent or the Security Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default;

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;

(iii) instructing lawyers, accountants, tax advisers, or other professional advisers or experts as permitted under this Agreement; or

(iv) any action taken by the Agent or the Security Agent or any of their representatives, agents or contractors in connection with any powers conferred by any Security Document to remedy any breach of any Obligor's obligations under the Finance Documents; and

(b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent or the Security Agent in the course of acting as Agent or, as the case may be, Security Agent under the Finance Documents (otherwise than by reason of the Agent's or the Security Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 37.11 (*Disruption to payment systems etc.*) notwithstanding the Agent's or the Security Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent or the Security Agent in acting as Agent or, as the case may be, the Security Agent under the Finance Documents.

14.4 **Indemnity concerning security**

(a) The Borrower shall (or shall procure that another Obligor will) promptly indemnify each Indemnified Person against any and all Losses incurred by it in connection with:

(i) any failure by the Borrower to comply with clause 16 (*Costs and expenses*);

(ii) acting or relying on any notice, request or instruction received in respect of the Finance Documents which it reasonably believes to be genuine, correct and appropriately authorised;

(iii) the taking, holding, protection or enforcement of the Security Documents;

(iv) the exercise or purported exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and/or any other Finance Party and each Receiver by the Finance Documents or by law unless and to the extent that it was caused by its gross negligence or wilful misconduct;

(v) any claim (whether relating to the environment or otherwise) made or asserted against the Indemnified Person which would not have arisen but for the execution or enforcement of one or more Finance Documents (unless and to the extent it is caused by the gross negligence or wilful misconduct of that Indemnified Person); or

(vi) any breach by any Obligor of the Finance Documents.

(b) The Security Agent may, in priority to any payment to the other Finance Parties, indemnify itself out of the Trust Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this clause 14.4 and shall have a lien on the Security Documents and the proceeds of the enforcement of those Security Documents for all moneys payable to it.

14.5 **Continuation of indemnities**

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

14.6 **Third Parties Act**

Each Indemnified Person may rely on the terms of clause 14.4 *(Indemnity concerning security)* and clauses 12 *(Tax gross-up and indemnities)* and 14.7 *(Interest)* insofar as it relates to interest on any amount demanded by that Indemnified Person under clause 14.4 *(Indemnity concerning security)*, subject to clause 1.3 (*Third party rights*) and the provisions of the Third Parties Act.

14.7 **Interest**

Moneys becoming due by the Borrower to any Indemnified Person under the indemnities contained in this clause 14 *(Other indemnities)* or elsewhere in this Agreement shall be paid on demand made by such Indemnified Person and shall be paid together with interest on the sum demanded from the date of demand therefor to the date of reimbursement by the Borrower to such Indemnified Person (both before and after judgment) at the rate referred to in clause 8.4 *(Default interest)*.

14.8 **Exclusion of liability**

No Indemnified Person will be in any way liable or responsible to any Obligor (whether as mortgagee in possession or otherwise) who is a Party or is a party to a Finance Document to which this clause applies for any loss or liability arising from any act, default, omission or misconduct of that Indemnified Person, except to the extent caused by its own gross negligence or wilful misconduct. Any Indemnified Person may rely on this clause 14.8 subject to clause 1.3 (*Third party rights*) and the provisions of the Third Parties Act.

15 Mitigation by the Lenders

15.1 **Mitigation**

(a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 7.1 (*Illegality*), clause 12 (*Tax gross-up and indemnities*) or clause 13 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Clause 15.1(a) does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 **Limitation of liability**

(a) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 15.1 (*Mitigation*).

(b) A Finance Party is not obliged to take any steps under clause 15.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16 Costs and expenses

16.1 Transaction expenses

The Borrower shall promptly within five Business Days of demand pay the Agent, the Security Agent, the Bookrunner and the Arrangers the amount of all documented costs and expenses (including all fees, costs and expenses of legal advisers and insurance and other consultants and advisers) reasonably incurred by any of them (and by any Receiver) in connection with the negotiation, preparation, printing, execution, syndication, registration and perfection and any release, discharge or reassignment of:

(a) this Agreement, any Hedging Master Agreement and any other documents referred to in this Agreement and the Security Documents;

(b) any other Finance Documents executed or proposed to be executed after the date of this Agreement including any executed to provide additional security under clause 25 (*Minimum security value*);or

(c) any Security Interest expressed or intended to be granted by a Finance Document.

16.2 Amendment costs

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

16.3 Enforcement, preservation and other costs

The Borrower shall on demand by a Finance Party, pay to each Finance Party the amount of all costs and expenses (including fees, costs and expenses of legal advisers and insurance and other consultants, brokers, surveyors and advisers) incurred by that Finance Party in connection with:

(a) the enforcement of, or the preservation of any rights under, any Finance Document and any proceedings initiated by or against any Indemnified Person and as a consequence of holding the Charged Property or enforcing those rights and any proceedings instituted by or against any Indemnified Person as a consequence of taking or holding the Security Documents or enforcing those rights;

(b) any valuation carried out under clause 25 (*Minimum security value*); or

(c) any inspection carried out under clause 23.8 (*Inspection and notice of dry-dockings*).

SECTION 7 - GUARANTEE

17 Guarantee and indemnity

17.1 Guarantee and indemnity

The Parent irrevocably and unconditionally:

(a) guarantees to the Security Agent (as trustee for the Finance Parties) and the other Finance Parties punctual performance by each other Obligor of all such Obligor's obligations under the Finance Documents;

(b) undertakes with the Security Agent (as trustee for the Finance Parties) and the other Finance Parties that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, it shall immediately on demand pay that amount as if it was the principal obligor; and

(c) agrees with the Security Agent (as trustee for the Finance Parties) and the other Finance Parties that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of the Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by the Borrower under any Finance Document on the date when it would have been due. The amount payable by the Parent under this indemnity will not exceed the amount it would have had to pay under this clause 17.1 if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Parent under this clause 17 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 Waiver of defences

The obligations of the Parent under this clause 17 will not be affected by an act, omission, matter or thing (whether or not known to it or any Finance Party) which, but for this clause, would reduce, release or prejudice any of its obligations under this clause 17 including (without limitation):

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any other Obligor;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

17.5 **Immediate recourse**

The Parent waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Parent under this clause 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Parent shall not be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from the Parent or on account of the Parent's liability under this clause 17.

17.7 **Deferral of Parent's rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, the Parent will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this clause 17:

(a) to be indemnified by another Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;

(d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which the Parent has given a guarantee, undertaking or indemnity under clause 17 (*Guarantee and Indemnity*);

(e) to exercise any right of set-off against any other Obligor; and/or

(f) to claim or prove as a creditor of any other Obligor in competition with any Finance Party.

If the Parent receives any benefit, payment or distribution in relation to such rights it will promptly pay an equal amount to the Agent for application in accordance with clause 37 (*Payment mechanics*). This only applies until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full.

17.8 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

SECTION 8 - REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

18 Representations

The Borrower makes and repeats the representations and warranties set out in this clause 18 to each Finance Party at the times specified in clause 18.35 (*Times when representations are made*).

18.1 **Status**

(a) The Parent is domesticated and validly existing in good standing under the laws of its Original Jurisdiction as a corporation, and the Borrower and each Owner is duly formed or, as applicable, domesticated and validly existing in good standing under the laws of its Original Jurisdiction of its incorporation or formation as a limited liability company, and each Obligor has no registered place of business outside its Original Jurisdiction.

(b) Each Obligor has power and authority to carry on its business as it is now being conducted and to own its property and other assets.

18.2 **Binding obligations**

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

18.3 **Power and authority**

(a) Each Obligor has power to enter into, perform and deliver and comply with its obligations under, and has taken all necessary action to authorise its entry into, each Finance Document and any Charter Document to which it is or is to be a party.

(b) No limitation on any Obligor's powers to borrow, create security or give guarantees will be exceeded as a result of any transaction under, or the entry into of, any Finance Document or any Charter Document to which such Obligor is, or is to be, a party.

18.4 **Non-conflict**

The entry into and performance by each Obligor of, and the transactions contemplated by the Finance Documents and the Charter Documents to which it is a party and the granting of the Security Interests purported to be created by the Security Documents do not and will not conflict with:

(a) any law or regulation applicable to that Obligor;

(b) the Constitutional Documents of that Obligor; or

(c) any agreement or other instrument binding upon that Obligor or its assets,

or constitute a default or termination event (however described) under any such agreement or instrument or result in the creation of any Security Interest (save for a Permitted Lien or under a Security Document) on that Obligor's assets, rights or revenues.

18.5 **Validity and admissibility in evidence**

(a) All authorisations required or desirable:

(i) to enable each Obligor lawfully to enter into, exercise its rights and comply with its obligations under each Finance Document and any Charter Document to which it is a party;

(ii) to make each Finance Document and any Charter Document to which it is a party admissible in evidence in its Relevant Jurisdiction; and

(iii) to ensure that each of the Security Interests created under the Security Documents has the priority and ranking contemplated by them,

have been obtained or effected and are in full force and effect except any authorisation or filing referred to in clause 18.12 (*No filing or stamp taxes*), which authorisation or filing will be promptly obtained or effected within any applicable period.

(b) All authorisations necessary for the conduct of the business, trade and ordinary activities of each Obligor have been obtained or effected (subject to the Legal Reservations) and are in full force and effect if failure to obtain or effect those authorisations might have a Material Adverse Effect.

18.6 **Governing law and enforcement**

Save as otherwise identified in any legal opinion delivered to the Agent under clause 4.1 (*Initial conditions precedent*) and subject to any Legal Reservations:

(a) the choice of English law or any other applicable law as the governing law of any Finance Document and any Charter Document will be recognised and enforced in each Obligor's Relevant Jurisdiction; and

(b) any judgment obtained in England in relation to an Obligor will be recognised and enforced in each Obligor's Relevant Jurisdictions.

18.7 **Information**

(a) Any Information is true and accurate in all material respects at the time it was given or made.

(b) There are no facts or circumstances or any other information which could make the Information incomplete, untrue, inaccurate or misleading in any material respect.

(c) The Information does not omit anything which could make the Information incomplete, untrue, inaccurate or misleading in any material respect.

(d) All opinions, projections, forecasts or expressions of intention contained in the Information and the assumptions on which they are based have been arrived at after due and careful enquiry and consideration and were believed to be reasonable by the person who provided that Information as at the date it was given or made.

(e) For the purposes of this clause 18.7, **Information** means: any information provided by any Obligor to any of the Finance Parties in connection with the Finance Documents, the Charter Documents or the transactions referred to in them.

18.8 **Original Financial Statements**

(a) The Original Financial Statements were prepared in accordance with GAAP or, as the case may be, IFRS consistently applied.

(b) The audited Original Financial Statements give a true and fair view of the consolidated financial condition and results of operations of the Group during the relevant financial year.

(c) There has been no material adverse change in its assets, business or financial conditions (or the assets, business or consolidated financial condition of the Group) since the date of the Original Financial Statements.

18.9 **Pari passu ranking**

Each Obligor's payment obligations under the Finance Documents to which it is, or is to be, a party rank at least pari passu with all its other present and future unsecured and unsubordinated payment obligations, except for obligations mandatorily preferred by law applying to companies generally.

18.10 **Ranking and effectiveness of security**

Subject to the Legal Reservations and any filing, registration or notice requirements which is referred to in any legal opinion delivered to the Agent under clause 4.1 (*Initial conditions precedent*), the security created by the Security Documents has (or will have when the Security Documents have been executed) the priority which it is expressed to have in the Security Documents, the Charged Property is not subject to any Security Interest other than Permitted Security Interests and such security will constitute perfected security on the assets described in the Security Documents.

18.11 **No insolvency**

No corporate action, legal proceeding or other procedure or step described in clause 30.10 (*Insolvency proceedings*) or creditors' process described in clause 30.11 (*Creditors' process*) has been taken or, to the knowledge of any Obligor, threatened in relation to a Group Member and none of the circumstances described in clause 30.9 (*Insolvency*) applies to any Group Member.

18.12 **No filing or stamp taxes**

Under the laws of each Obligor's Relevant Jurisdictions it is not necessary that any Finance Document or any Charter Document to which it is, or is to be, party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to any such Finance Document or any Charter Document or the transactions contemplated by the Finance Documents except any filing, recording or enrolling or any tax or fee payable in relation to any Finance Document which is referred to in any legal opinion delivered to the Agent under clause 4.1 (*Initial conditions precedent*) and which will be made or paid promptly after the date of the relevant Finance Document.

18.13 **Tax**

(a) No Obligor is required to make any Tax Deduction from any payment it may make under any Finance Document to which it is, or is to be, a party and no other party is required to make any such deduction from any payment it may make under any Charter Document.

(b) The execution or delivery or performance by any Party of the Finance Documents will not result in any Finance Party:

(i) having any liability in respect of Tax in any Flag State;

(ii) having or being deemed to have a place of business in any Flag State or any Relevant Jurisdiction of any Obligor.

18.14 **No Default**

(a) No Default is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Finance Document or any Charter Document.

(b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any Obligor or to which any Obligor's assets are subject which might have a Material Adverse Effect.

18.15 **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, might be expected to have a Material Adverse Effect, have (to the best of any Obligor's knowledge and belief) been started or threatened against any Obligor or any other Group Member.

18.16 **No breach of laws**

(a) No Obligor has breached any law or regulation which breach might have a Material Adverse Effect.

(b) No labour dispute is current or, to the best of any Obligor's knowledge and belief (having made due and careful enquiry), threatened against any Obligor which may have a Material Adverse Effect.

18.17 **Environmental matters**

(a) No Environmental Law applicable to any Ship and/or any Obligor has been violated in a manner or circumstances which might have, a Material Adverse Effect.

(b) All consents, licences and approvals required under such Environmental Laws have been obtained and are currently in force.

(c) No Environmental Claim has been made or threatened or is pending against any Obligor or any Ship where that claim might have a Material Adverse Effect and there has been no Environmental Incident which has given, or might give, rise to such a claim.

18.18 **Tax Compliance**

(a) No Obligor is materially overdue in the filing of any Tax returns or overdue in the payment of any material amount in respect of Tax.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against any Obligor with respect to Taxes such that a liability of, or claim against, any Obligor is reasonably likely to arise for an amount for which adequate reserves have not been provided in the Original Financial Statements and which might have a Material Adverse Effect.

18.19 **Anti- corruption law**

Each Obligor has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

18.20 **Security and Financial Indebtedness**

(a) Prior to the first Utilisation Date and except for any Security Interests granted by the Obligors in accordance with the terms of the Existing Credit Facility and any Financial Indebtedness outstanding under the Existing Credit Facility:

(i) no Security Interest exists over all or any of the present or future assets of any Obligor in breach of this Agreement; and

(ii) no Obligor has any Financial Indebtedness outstanding in breach of this Agreement (including but not limited any Financial Indebtedness referred to in clause 28.2 (*Financial Indebtedness*)).

(b) On and following the first Utilisation Date:

(i) no Security Interest shall exist over all or any of the present or future assets of any Obligor in breach of this Agreement; and

(ii) no Obligor shall have any Financial Indebtedness outstanding in breach of this Agreement (including but not limited any Financial Indebtedness referred to in clause 28.2 (*Financial Indebtedness*)).

18.21 **Legal and beneficial ownership**

Each Obligor is or, on the date the Security Documents to which it is a party are entered into, will be the sole legal and beneficial owner of the respective assets over which it purports to grant a Security Interest under the Security Documents to which it is a party.

18.22 **Membership interests**

The membership interests of each Owner are fully paid and not subject to any option to purchase or similar rights. The Constitutional Documents of each Owner do not and could not restrict or inhibit any transfer of those membership interests on creation or enforcement of the Security Documents. There are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any membership interest or loan capital of each Owner (including any option or right of pre-emption or conversion).

18.23 **Accounting Reference Date**

The financial year-end of each Obligor is the Accounting Reference Date.

18.24 **Material Adverse Effect**

There has been no Material Adverse Effect which has affected the ability of the Borrower to make all the required payments under this Agreement or the validity or enforceability of this Agreement since the date of the Original Financial Statements.

18.25 **No adverse consequences**

Save as otherwise identified in any legal opinion delivered to the Agent under clause 4.1 (*Initial conditions precedent*):

(a) it is not necessary under the laws of the Relevant Jurisdictions of any Obligor:

(i) in order to enable any Finance Party to enforce its rights under any Finance Document to which it is, or is to be, a party; or

(ii) by reason of the execution of any Finance Document or the performance by any Obligor of its obligations under any Finance Document to which it is, or is to be, a party,

that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of such Relevant Jurisdictions; and

(b) no Finance Party is or will be deemed to be resident, domiciled or carrying on business in any Relevant Jurisdiction by reason only of the execution, performance and/or enforcement of any Finance Document.

18.26 **Copies of documents**

The copies of any Charter Documents and the Constitutional Documents of the Obligors delivered to the Agent under clause 4 (*Conditions of Utilisation*) will be true, complete and accurate copies of such documents and include all amendments and supplements to them as at the time of such delivery and no other agreements or arrangements exist between any of the parties to any Charter Document which would materially affect the transactions or arrangements contemplated by any Charter Document or modify or release the obligations of any party under that Charter Document.

18.27 **No immunity**

No Obligor or any of its assets is immune to any legal action or proceeding.

18.28 **Ship status**

Each Ship will on the first day of the relevant Mortgage Period be:

(a) registered permanently in the name of the relevant Owner through the relevant Registry as a ship under the laws and flag of the relevant Flag State;

(b) operationally seaworthy and in every way fit for service;

(c) classed with the relevant Classification free of all requirements and recommendations of the relevant Classification Society; and

(d) insured in the manner required by the Finance Documents.

18.29 **Ship's employment**

Each Ship shall on the first day of the relevant Mortgage Period be free of any charter commitment (other than any Charter if any Charter has been entered into by an Owner) which, if entered into after that date, would require approval under the Finance Documents.

18.30 **Ownership of the Obligors**

Each of the Owners and the Borrower is a wholly, legally and beneficially owned direct or indirect Subsidiary of the Parent.

18.31 **Address commission**

There are no rebates, commissions or other payments in connection with any Charter other than those referred to in it.

18.32 **No money laundering**

None of the Obligors are in contravention of any anti-money laundering law, official requirement or other regulatory measure or procedure implemented to combat "money laundering".

18.33 **No corrupt practices**

None of the Obligors are engaged in any practice which would be deemed corrupt in any Relevant Jurisdiction.

18.34 **Sanctions**

(a) Each Obligor, each Subsidiary, their joint ventures, and their respective directors, officers, employees and, to the best of their knowledge, their agents and representatives have been and are in compliance with Sanctions Laws applicable to it.

(b) No Obligor, nor any Subsidiary, their joint ventures, and their respective directors, officers, employees and, to the best of their knowledge (after due and careful enquiry), their agents and representatives:

(i) are a Restricted Party or, in relation to a member of the Group only, is involved in any transaction through which it is likely to become a Restricted Party; or

(ii) are subject to or involved in any inquiry, claim, action, suit, proceeding or investigation against it with respect to Sanctions Laws.

18.35 **Times when representations are made**

(a) All of the representations and warranties set out in this clause 18 (other than Ship Representations relating to Ships which are not Mortgaged Ships at such time) are deemed to be made on the dates of:

(i) this Agreement;

(ii) the Utilisation Request for each Loan; and

(iii) the issuing of any Compliance Certificate.

(b) The Repeating Representations are deemed to be made on the dates of each subsequent Utilisation Request and the first day of each Interest Period.

(c) All of the Ship Representations are deemed to be made on the first day of the Mortgage Period for the relevant Ship.

(d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances then existing at the date the representation or warranty is deemed to be made.

19 Information undertakings

The Borrower undertakes that this clause 19 will be complied with throughout the Facility Period.

In this clause 19:

Annual Financial Statements means the financial statements for a financial year of the Group delivered pursuant to clause 19.1(a).

Quarterly Financial Statements means the financial statements for a financial quarter of the Group delivered pursuant to clause 19.1(b).

19.1 Financial statements

(a) The Borrower shall supply to the Agent as soon as the same become available, but in any event within 120 days after the end of each financial year, the audited consolidated financial statements of the Group for that financial year.

(b) The Borrower shall supply to the Agent as soon as the same become available, but in any event within 90 days after the end of each financial quarter (other than the last financial quarter) of each of its financial years the unaudited consolidated financial statements of the Group for that financial quarter.

(c) The Borrower shall supply to the Agent as soon as the same becomes available, but in any event within 90 days of the end of each financial year, financial projections for the Group on an annual basis in a form acceptable to the Agent.

19.2 Provision and contents of Compliance Certificate

(a) The Borrower shall supply a Compliance Certificate to the Agent, with each set of Quarterly Financial Statements and Annual Financial Statements for the Group.

(b) Each Compliance Certificate shall, amongst other things, including supporting schedules setting out (in reasonable detail) computations as to compliance with clause 20 (*Financial covenants*).

(c) Each Compliance Certificate shall be signed by a director or the chief financial officer of the Parent.

19.3 Requirements as to financial statements

(a) The Borrower shall procure that each set of Annual Financial Statements includes a profit and loss account, a balance sheet and a cashflow statement and each set of Quarterly Financial Statements includes an income statement, a cashflow statement and a balance sheet and that, in addition, each set of Annual Financial Statements shall be audited by the Auditors.

(b) Each set of financial statements delivered pursuant to clause 19.1 (*Financial statements*) shall:

(i) be prepared in accordance with GAAP, or as the case may be, IFRS;

(ii) give a true and fair view of (in the case of Annual Financial Statements for any financial year), or fairly represent (in other cases), the financial condition and operations of the Group as at the date as at which those financial statements were drawn up; and

(iii) in the case of annual audited financial statements, not be the subject of any qualification in the Auditors' opinion.

(c) The Borrower shall procure that each set of financial statements delivered pursuant to clause 19.1 (*Financial statements*) shall be prepared using GAAP or IFRS, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements, unless, in relation to any set of financial statements, the Borrower notifies the Agent that there has been a change in GAAP or, as the case may be, IFRS or the accounting practices and the Auditors deliver to the Agent:

(i) a description of any change necessary for those financial statements to reflect the GAAP or, as the case may be, IFRS or accounting practices and reference periods upon which corresponding Original Financial Statements were prepared; and

(ii) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether clause 20 (*Financial covenants*) has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

19.4 **Year-end**

The Borrower shall procure that each financial year-end of each Obligor falls on the Accounting Reference Date.

19.5 **Information: miscellaneous**

The Borrower shall supply to the Agent:

(a) at the same time as they are dispatched, copies of all financial statements, financial forecasts, reports, proxy statements and other material communications provided to the shareholders or members of the Borrower and copies of all material documents dispatched by the Parent or any Obligors to its creditors generally (or any class of them);

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any Obligor, and which, if adversely determined, might have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding $5,000,000 (or its equivalent in other currencies);

(c) promptly, such information as the Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Security Documents;

(d) promptly on request, such further information regarding the financial condition, assets and operations of the Group and/or any Group Member as any Finance Party through the Agent may reasonably request; and

(e) such information which a lender, acting reasonably, may request for it to comply with its obligations under the Poseidon Principles (as such term is defined in clause 23.18 (*Poseidon Principles*));

19.6 **Notification of Default**

The Borrower shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon any Obligor becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

19.7 **Sanctions information**

The Obligors shall supply to the Agent:

(a) promptly upon becoming aware of them, the details of any inquiry, claim, action, suit, proceeding or investigation pursuant to Sanctions Laws against it, any of its direct or indirect owners, Subsidiaries, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives, as well as information on what steps are being taken with regards to answer or oppose such; and

(b) promptly upon becoming aware that it, any of its direct or indirect owners, Subsidiaries, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives has become or is likely to become a Restricted Party.

19.8 **Sufficient copies**

The Borrower, if so requested by the Agent, shall deliver sufficient copies of each document to be supplied under the Finance Documents to the Agent to distribute to each of the Lenders and the Hedging Providers.

19.9 **Use of websites**

(a) The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the **Website Lenders**) who accept this method of communication by posting this information onto an electronic website designated by the Borrower and the Agent (the **Designated Website**) if:

(i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) both the Borrower and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the Borrower and the Agent.

If any Lender (a **Paper Form Lender**) does not agree to the delivery of information electronically then the Agent shall notify the Borrower accordingly and the Borrower shall supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Borrower shall supply the Agent with at least one copy in paper form of any information required to be provided by it.

(b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Borrower and the Agent.

(c) The Borrower shall promptly upon any of them becoming aware of its occurrence notify the Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) the Borrower becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Borrower notifies the Agent under paragraphs (i) or (v) above, all information to be provided by the Borrower under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

(d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Borrower shall comply with any such request within ten Business Days.

19.10 **"Know your customer" checks**

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of an Obligor or the composition of the shareholders or members of an Obligor after the date of this Agreement;

(iii) a proposed assignment or transfer by a Lender or any Hedging Provider of any of its rights and/or obligations under this Agreement or any Hedging Contract to a party that is not a Lender or a Hedging Provider prior to such assignment or transfer; or

(iv) the introduction of any change in a Finance Party's internal policies or compliance procedures,

obliges the Agent, the relevant Hedging Provider or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender or any Hedging Provider supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender or any Hedging Provider) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or the relevant Hedging Provider or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Finance Party shall promptly upon the request of the Agent or the Security Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent or the Security Agent (for itself) in order for it to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

20 Financial covenants

The Borrower undertakes that this clause 20 will be complied with throughout the Facility Period as tested on a quarterly basis in accordance with clause 20.3 (*Financial testing*).

20.1 **Financial definitions**

In this clause 20:

Cash Equivalents shall mean the following (all of which shall be valued at market value and freely disposable and for the avoidance of doubt none of the following shall be deemed disqualified from being freely disposable by reason of being included in minimum liquidity calculations under this Agreement or other agreements respecting Indebtedness, or being subject to a lien):

(a) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed or insured by the United States Government or any agency thereof;

(b) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition and overnight bank deposits of any Lender and certificates of deposit with maturities of one year or less from the date of acquisition and overnight bank deposits of any other commercial bank whose principal place of business is organized under the laws of any country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, and having capital and surplus in excess of $200,000,000;

(c) commercial paper of any issuer rated at least A-2 by Standard & Poor's Ratings Group or P-2 by Moody's investors Service, Inc. with maturities of one year or less from the date of acquisition; and

(d) additional money market investments with maturities of one year or less from the date of acquisition rated at least A-1 or AA by Standard & Poor's Ratings Group or P-1 or Aa by Moody's Investors Service, Inc.

Indebtedness means, with respect to any Group Member, at any date of determination (without duplication) (a) all indebtedness of such Group Member for borrowed money, (b) all obligations of such Group Member evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Group Member in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), (d) all obligations of such Group Member to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery thereof or the completion of such services, except trade payables, (e) all obligations on account of principal of such Group Member as lessee under capitalised leases, (f) all indebtedness of other persons secured by a lien on any asset of such Group Member, whether

or not such indebtedness is assumed by such Group Member; provided that the amount of such indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination and (ii) the amount of such indebtedness, and (g) all indebtedness of other persons guaranteed by such Group Member to the extent guaranteed and the amount of Indebtedness of any Group Member at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, provided that the amount outstanding at any time of any indebtedness issued with an original issue discount is the face amount of such indebtedness less the remaining unamortised portion of the original issue discount of such indebtedness at such time as determined in accordance with GAAP or, as the case may require, IFRS; and provided further that Indebtedness shall not include any liability for current or deferred Taxes, or any trade payable.

Total Assets means, at any time, the total assets of the Group (as shown in the most recent Quarterly Financial Statements, and calculated in accordance with, the then most recent Annual Financial Statements).

Total Indebtedness means, at any time, the aggregate sum of all Indebtedness of the Group as reflected in the consolidated balance sheet of the Group (as shown in the most recent Quarterly Financial Statements, and calculated in accordance with the then most recent Annual Financial Statements).

Total Stockholders' Equity means, at any time, the shareholders' or members' equity for the Group (as shown in the most recent Quarterly Financial Statements and calculated in accordance with the then most recent Annual Financial Statements).

20.2 **Financial condition**

At all times during the Facility Period, the Borrower shall procure that the Group:

(a) maintains at all times, cash and Cash Equivalents in an amount not less than the greater of (i) $35,000,000 and (ii) five per cent (5%) of the Total Indebtedness; and

(b) maintains a ratio of Total Stockholders' Equity to Total Assets of not less than 30%.

20.3 **Financial testing**

The financial covenants set out in clause 20.2 (*Financial condition*) shall be calculated in accordance with GAAP or, as the case may require, IFRS and tested by reference to each of the financial statements and/or each Compliance Certificate delivered pursuant to clause 19.2 (*Provision and contents of Compliance Certificate*).

21 General undertakings

The Borrower undertakes that this clause 21 will be complied with throughout the Facility Period.

21.1 **Authorisations**

Each Obligor will promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any authorisation required under any law or regulation of a Relevant Jurisdiction to:

(i) enable it to perform its obligations under the Finance Documents and any Charter Documents in each case to which it is a party;

(ii) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document or Charter Document in each case to which it is a party; and

(iii) carry on its business where failure to do so has, or is reasonably likely to have, a Material Adverse Effect.

21.2 **Compliance with laws**

(a) Each Obligor will comply in all respects with all laws and regulations (including Environmental Laws) to **which** it may be subject if failure to comply has or reasonably likely to have a Material Adverse Effect.

(b) No Obligor will directly or indirectly use the proceeds of the Facility for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

(c) Each Obligor shall:

(i) conduct its businesses in compliance with applicable anti-corruption laws; and

(ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

21.3 **Tax compliance**

(a) Each Obligor shall pay and discharge all Taxes imposed upon it or its assets as and when they fall due for payment and in any event within such time period as may be allowed by law without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under clause 19.1 (*Financial statements*); and

(iii) such payment can be lawfully withheld.

(b) Except as approved by the Majority Lenders, each Obligor shall ensure that it is not resident for Tax purposes in any jurisdiction other than in the jurisdiction in which it is incorporated or, as the case may be, formed.

21.4 **Change of business**

Except as approved by the Majority Lenders, no substantial change will be made to the general nature of the business of the Parent or the other Obligors or the Group taken as a whole from that carried on at the date of this Agreement.

21.5 **Merger**

Except as approved by the Majority Lenders, no Obligor will enter into any amalgamation, demerger, merger, consolidation, re-domiciliation, legal migration or corporate reconstruction, it being agreed for this purpose that the Parent may enter into such arrangements as long as they do not result in a breach of clause 7.2 (*Change of Control*) or a change to the liability and obligations of the Parent under this Agreement.

21.6 **Further assurance**

(a) Each Obligor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Agent may reasonably specify (and in such form as the Agent may reasonably require):

(i) to perfect the Security Interests created or intended to be created by that Obligor under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other security over all or any of the assets which are, or are intended to be, the subject of the Security Documents) or for the exercise of any rights, powers and remedies of the Security Agent provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Security Agent Security Interests over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents;

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents; and/or

(iv) to facilitate either the accession by a New Lender to any Security Document following an assignment in accordance with clause 32.1 (A*ssignments and Transfers by the Lenders*) or the accession by a Hedging Provider to this Agreement in accordance with clause 31.1 (*Hedging Providers*) and the conferring on such Hedging Provider of the rights contemplated in clause 31.2 (*Rights of Hedging Provider*).

(b) Each Obligor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security Interest conferred or intended to be conferred on the Security Agent by or pursuant to the Finance Documents.

21.7 **Negative pledge in respect of Charged Property**

Except (a) as approved by the Majority Lenders, (b) for Permitted Liens and (c) prior to the first Utilisation Date, any Security Interest granted by an Obligor in accordance with the terms of the Existing Credit Facility, no Obligor will grant or allow to exist any Security Interest over any Charged Property.

21.8 **Environmental matters**

(a) The Agent will be notified as soon as reasonably practicable of any Environmental Claim being made against any Obligor or any Ship which, if successful to any extent, might have a Material Adverse Effect and of any Environmental Incident which may give rise to such an Environmental Claim and will be kept regularly and promptly informed in reasonable detail of the nature of, and response to, any such Environmental Incident and the defence to any such claim.

(b) Environmental Laws (and any consents, licences or approvals obtained under them) applicable to any Ship will not be violated in a way which might have a Material Adverse Effect.

(c) The Obligors shall ensure that any Ship which is sold to an intermediary with an intention that such Ship will be scrapped, is recycled at a recycling yard in a socially and environmentally responsible manner in accordance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (whether or not it is in force) and/or EU Ship Recycling Regulation, 2013 (as applicable).

21.9 **Inspection of records**

Upon reasonable notice from the Agent, allow any representative of the Agent, subject to applicable laws and regulations, to visit and inspect the Borrower's properties and, on request, to examine the Borrower's books of account, records, reports, agreements and other papers and to discuss the Borrower's affairs, finances and accounts with its offices, in each case at such times and as often as the Agent reasonably requests.

21.10 **Ownership of Obligors**

At all times (unless the Lenders have provided their written consent):

(a) the Parent shall own, directly or indirectly, 100% of the membership interests in the Borrower and each Owner;

(b) the managing member of an Owner shall be the Borrower; and

(c) the managing member of the Borrower shall be the Parent.

21.11 **No change of name etc**

During the Facility Period, no Obligor will change:

(a) its name;

(b) the type of legal entity which it exists as; or

(c) its Original Jurisdiction.

21.12 **Year end**

The Borrower may not change its financial year end.

21.13 **Sanctions**

(a) Each Obligor shall ensure that it will comply with all Sanction Laws applicable to it.

(b) No Obligor nor any of their respective directors, officers or employees will, directly or (to the Obligor's knowledge) indirectly:

(i) make any part of the proceeds of the Loan available to or for the benefit of a Restricted Party, or permit or authorise any such proceeds to be applied in a manner or for a purpose prohibited by any Sanctions Laws applicable to it; or

(ii) fund all or part of any repayment under the Facility out of proceeds derived from transactions which would be prohibited by any Sanctions Laws applicable to it or would otherwise cause it to be in breach of Sanctions Laws or to become a Restricted Party.

21.14 **Listing**

The Parent shall maintain its listing on The New York Stock Exchange.

21.15 **Contractual recognition of bail-in**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Finance Parties and the Obligors, each Finance Party and each Obligor acknowledges and accepts that any liability of any party to any other party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

21.16 **Blocking Law**

Any provision of clauses 18.34 (*Sanctions*), 21.13 (*Sanctions*) or 23.6(c) (*Maintenance of class; compliance with laws and codes*) shall, if specified in writing by a Finance Party to the Agent, not apply to or operate in favour of any Finance Party if and to the extent that it would result in a breach, by or in respect of that Finance Party, of any applicable Blocking Law. An affected Finance Party shall be obliged to notify the Agent whether such provisions shall not be deemed to apply promptly after a potential breach by or in respect of such Finance Party comes to the attention of such Finance Party.

For the purposes of this clause 21.16, **Blocking Law** means:

(a) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom); or

(b) any similar blocking or anti-boycott law applicable to that Finance Party.

22 Dealings with Ship

The Borrower undertakes that this clause 22 will be complied with in relation to each Mortgaged Ship throughout the relevant Ship's Mortgage Period.

22.1 **Ship's name and registration**

(a) The Ship's name shall only be changed after prior notice to the Agent.

(b) The Ship shall be permanently registered in the name of the relevant Owner with the relevant Registry within 90 days of the date of the Mortgage of the Ship and registered in the name of the relevant Owner with the relevant Registry under the laws of its Flag State. Except with approval, the Ship shall not be registered under any other flag or at any other port or fly any other flag (other than that of its Flag State). If that registration is for a limited period, it shall be renewed at least 45 days before the date it is due to expire and the Agent shall be notified of that renewal at least 30 days before that date.

(c) Nothing will be done and no action will be omitted if that might result in such registration being forfeited or imperilled or the Ship being required to be registered under the laws of another state of registry.

22.2 **Notification of certain events**

The Borrower shall notify the Agent immediately if the Ship becomes a Total Loss or partial loss or is materially damaged.

22.3 **Sale or other disposal of Ship**

Save where the net sale proceeds will enable the relevant Owner to comply with its mandatory prepayment obligations under clause 7.6 (*Sale or Total Loss*) and, if no Default is then continuing, for a sale to a buyer who is not an Affiliate of the Borrower for a cash price payable on completion of the sale which is no less than the Applicable Fraction of the Total Commitments for that Ship, the relevant Owner will not sell, or agree to, transfer, abandon or otherwise dispose of the relevant Ship or any share or interest in it.

22.4 **Manager**

Each Ship shall be technically managed by Northern Marine Management Limited, Navigator Gas Shipmanagement Limited, Thome Ship Management or another first class technical manager approved by the Agent and commercially managed by NGT Services (UK) Limited or another first class commercial manager approved by the Agent.

22.5 **Copy of Mortgage on board**

A properly certified copy of the relevant Mortgage shall be kept on board the Ship with its papers and shown to anyone having business with the Ship which might create or imply any commitment or Security Interest over or in respect of the Ship (other than a lien for crew's wages and salvage) and to any representative of the Security Agent.

22.6 **Notice of Mortgage**

A framed printed notice of the Ship's Mortgage shall be prominently displayed in the navigation room and in the Master's cabin of the Ship. The notice must be in plain type and read as follows:

"NOTICE OF MORTGAGE

This Ship is subject to a First Preferred Mortgage to **NORDEA BANK ABP, FILIAL I NORGE** with offices at Essendrops gate 7, 0368 Oslo, Norway, acting in its capacity as security agent and as trustee, under authority of Title 21 of the Liberian Code of Laws of 1956 as amended. Under the terms of the said Mortgage and related documents neither the Owner nor any charterer nor the Master of this Vessel nor any other person has any right, power or authority to create, incur or permit to be imposed upon this Vessel any lien, commitments or encumbrances whatsoever other than for crew's wages and salvage".

No-one will have any right, power or authority to create, incur or permit to be imposed upon the Ship any lien whatsoever other than for crew's wages and salvage.

22.7 **Conveyance on default**

Where the Ship is (or is to be) sold in exercise of any power conferred by the Security Documents, the relevant Owner shall, upon the Agent's request, immediately execute such form of transfer of title to the Ship as the Agent may require.

22.8 **Chartering**

Except with approval, the relevant Owner shall not enter into any charter commitment for the Ship, which is:

(a) a bareboat or demise charter or passes possession and operational control of the Ship to another person; or

(b) a Charter, unless the relevant Owner executes a Charter Assignment in respect of such Charter prior to delivery of the relevant Ship under such Charter to the extent that such a Charter Assignment can be obtained by the Borrower using its commercially reasonable efforts to do so.

If a Charterer requires the Lenders to enter into a letter of quiet enjoyment, such letter will be on terms acceptable to the Lenders acting reasonably.

22.9 **Lay up**

Except with approval, the Ship shall not be laid up or deactivated.

22.10 **Sharing of Earnings**

Except with approval, the relevant Owner shall not enter into any arrangement under which its Earnings from the Ship may be shared with anyone else.

22.11 **Payment of Earnings**

The relevant Owner's Earnings from the Ship shall be paid in accordance with clause 27.1 (*Earnings Account*) unless required to be paid to the Security Agent pursuant to the General Assignment for that Ship. If any Earnings are held by brokers or other agents, they shall be paid to the Agent, if it requires this after the Earnings have become payable to it under the Ship's General Assignment for that Ship.

23 Condition and operation of Ship

The Borrower undertakes that this clause 23 will be complied with in relation to each Mortgaged Ship throughout the relevant Ship's Mortgage Period.

23.1 **Defined terms**

In this clause 23 and in Schedule 3 *(Conditions precedent)*:

applicable code means any code or prescribed procedures required to be observed by the Ship or the persons responsible for its operation under any applicable law (including but not limited to those currently known as the ISM Code and the ISPS Code);

applicable law means all laws and regulations applicable to vessels registered in the Ship's Flag State or which for any other reason apply to the Ship or to its condition or operation at any relevant time; and

applicable operating certificate means any certificates or other document relating to the Ship or its condition or operation required to be in force under any applicable law or any applicable code.

23.2 **Repair**

The Ship shall be kept in a good, safe and efficient state of repair. The quality of workmanship and materials used to repair the Ship or replace any materially damaged, worn or lost parts or equipment shall be sufficient to ensure that the Ship's value is not materially reduced.

23.3 **Modification**

Except with approval, the structure, type or performance characteristics of the Ship shall not be modified in a way which could or might materially alter the Ship or materially reduce its value.

23.4 **Removal of parts**

Except with approval, no material part of the Ship or any equipment shall be removed from the Ship if to do so would materially reduce its value (unless at the same time it is replaced with equivalent parts or equipment owned by the relevant Owner free of any Security Interest except under the Security Documents).

23.5 **Third party owned equipment**

Except with approval, equipment owned by a third party shall not be installed on the Ship if it cannot be removed without risk of causing damage to the structure or fabric of the Ship or incurring significant expense.

23.6 **Maintenance of class; compliance with laws and codes**

(a) The Ship's class shall be the relevant Classification.

(b) The relevant Owner shall ensure that:

(i) the Ship shall comply in all material aspects with all laws or regulations applicable to it; and

(ii) it will comply in all material aspects with all laws applicable to its business and applicable to the Ship, its ownership, employment, operation, management and registration, including the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Flag State; and

(iii) it shall obtain, comply with and do all that is necessary to maintain in full force and effect any approvals required by any Environmental Law,

and without limiting paragraphs (i), (ii) and (iii) above, the Owner shall not employ Ship nor allow its employment, operation or management in any manner contrary to any law or regulation including but not limited to the ISM Code, the ISPS Code and all Environmental Laws.

(c) The relevant Owner shall ensure that the Owner shall not employ Ship nor allow its employment, operation or management in any manner contrary to Sanctions Laws.

(d) There shall be kept in force and on board the Ship or in such person's custody any applicable operating certificates which are required by applicable laws or applicable codes to be carried on board the Ship or to be in such person's custody.

23.7 **Surveys**

The Ship shall be submitted to continuous surveys and any other surveys which are required for it to maintain the Classification as its class. Copies of reports of those surveys shall be provided promptly to the Agent if it so requests which request shall not exceed more than one in each calendar year.

23.8 **Inspection and notice of dry-dockings**

The Agent and/or surveyors or other persons appointed by it for such purpose shall be allowed to board the Ship to inspect it once per annum if no Event of Default has occurred and is continuing or as frequently as may be required by the Agent following the occurrence of an Event of Default, or a Major Casualty (whereupon the Agent and/or surveyors or other persons appointed by it for such purpose shall be entitled to board the Ship to inspect it during the period falling shortly after completion of the repair works in respect of that Major Casualty), provided advance written notice is provided to the Obligors and such inspection does not interfere with the normal commercial operation of the Ship. The Agent shall be given all proper facilities needed for the purposes of any such inspection and the reasonable costs of such inspection shall be borne by the Borrower.

23.9 **Prevention of arrest**

All debts, damages, liabilities and outgoings which have given, or may give, rise to maritime, statutory or possessory liens on, or claims enforceable against, the Ship, its Earnings or Insurances shall be promptly paid and discharged unless such payment is being contested in good faith and adequate reserves are being maintained for such payment.

23.10 **Release from arrest**

The Ship, its Earnings and Insurances shall promptly be released from any arrest, detention, attachment or levy, and any legal process against the Ship shall be promptly discharged, by whatever action is required to achieve that release or discharge.

23.11 **Information about Ship**

The Agent shall promptly be given any information which it may reasonably require about the Ship or its employment, position, use or operation, including details of towages and salvages, and copies of all its charter commitments entered into by or on behalf of any Obligor and copies of any applicable operating certificates.

23.12 **Notification of certain events**

The Agent shall promptly be notified of:

(a) any damage to the Ship where the cost of the resulting repairs may exceed the Major Casualty Amount for such Ship;

(b) any occurrence which may result in the Ship becoming a Total Loss;

(c) any requisition of the Ship for hire;

(d) any material Environmental Incident involving the Ship and Environmental Claim being made in relation to such an incident;

(e) any withdrawal or threat to withdraw any applicable operating certificate;

(f) the issue of any operating certificate required under any applicable code;

(g) the receipt of notification that any application for such a certificate has been refused;

(h) any requirement made in relation to the Ship by any insurer or the Ship's Classification Society or by any competent authority which is not, or cannot be, complied with in the manner or time required; and

(i) any arrest or detention of the Ship or any exercise or purported exercise of a lien or other claim on the Ship or its Earnings or Insurances.

23.13 **Payment of outgoings**

All tolls, dues and other outgoings whatsoever in respect of the Ship and its Earnings and Insurances shall be paid promptly. Proper accounting records shall be kept of the Ship and its Earnings.

23.14 **Evidence of payments**

The Agent shall be allowed proper and reasonable access to those accounting records when it requests it and, when it requires it, shall be given satisfactory evidence that:

(a) the wages and allotments and the insurance and pension contributions of the Ship's crew are being promptly and regularly paid;

(b) all deductions from its crew's wages in respect of any applicable Tax liability are being properly accounted for; and

(c) the Ship's master has no claim for disbursements other than those incurred by him in the ordinary course of trading on the voyage then in progress.

23.15 **Repairers' liens**

Except with approval, the Ship shall not be put into any other person's possession for work to be done on the Ship if the cost of that work will exceed or is likely to exceed $2,000,000 (or its equivalent in any other currency or currencies) unless that person gives the Security Agent a written undertaking in approved terms not to exercise any lien on the Ship or its Earnings for any of the cost of such work.

23.16 **Lawful use**

The Ship shall not be employed:

(a) in any way or activity which would be unlawful under international law or other law applicable to an Obligor or the trading of a Ship;

(b) to the extent that such activity or employment would be unlawful under international law or other law applicable to an Obligor or the trading of a Ship, in carrying illicit, contraband or prohibited goods; or

(c) in a way which may make it liable to be condemned by a prize court or destroyed, seized or confiscated,

and the persons responsible for the operation of a Ship shall take all necessary and proper precautions to ensure that this does not happen, including participation in industry or other voluntary schemes available to the Ship and in which leading operators of ships operating under the same flag or engaged in similar trades generally participate at the relevant time.

23.17 **Copy of "Green Passport" on board**

Promptly upon becoming available and in any event no later than 31 December 2020, a copy of the inventory of hazardous materials or equivalent document acceptable to the Agent shall be maintained on board the Ship.

23.18 **Poseidon Principles**

(a) The Borrower shall, upon the request of any Lender and at the cost of the Borrower, on or before 31 July in each calendar year, supply or procure the supply to such Lender all such information necessary in order for it to comply with its obligations under the Poseidon Principles in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI and any Statement of Compliance relating to each Ship. No Lender shall publicly disclose such information with the identity of the Ship without the prior written consent of the Borrower. For the avoidance of doubt, such information shall be "Confidential Information" for the purposes of clause 45 (*Confidentiality*) but the Borrower acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published (at the cost of the relevant Lender) regarding the relevant Lender's portfolio climate alignment, provided that such information published by a Lender shall be in generic form that does not identify any Ship, any Manager or any member of the Group.

(b) For the purposes of this clause:

Annex VI means Annex VI of the Protocol of 1997 (as subsequently amended from time to time) to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

Poseidon Principles means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published on 18 June 2019 as the same may be amended or replaced to reflect changes in applicable law or regulation or the introduction of or changes to mandatory requirements of the International Maritime Organisation from time to time.

Statement of Compliance means a Statement of Compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

24 Insurance

The Borrower undertakes that this clause 24 shall be complied with in relation to each Mortgaged Ship and its Insurances throughout the relevant Ship's Mortgage Period.

24.1 **Insurance terms**

In this clause 24:

excess risks means the proportion (if any) of claims for general average, salvage and salvage charges not recoverable under the hull and machinery insurances of a vessel in consequence of the value at which the vessel is assessed for the purpose of such claims exceeding its insured value;

excess war risk P&I cover means cover for claims only in excess of amounts recoverable under the usual war risk cover including (but not limited to) hull and machinery, crew and protection and indemnity risks;

hull cover means insurance cover against the risks identified in clause 24.2(a)(i);

minimum hull cover means, in relation to a Mortgaged Ship, an amount equal to or greater than its market value and which, when taken together with the minimum hull values of the other Mortgaged Ships, is at the relevant time 120% of the aggregate of the Total Commitments for the Mortgaged Ships at such time; and

P&I risks means the usual risks (including liability for oil pollution, excess war risk P&I cover) covered by a protection and indemnity association which is a member of the International Group of protection and indemnity associations (or, if the International Group ceases to exist, any other leading protection and indemnity association or other leading provider of protection and indemnity insurance) (including, without limitation, the proportion (if any) of any collision liability not covered under the terms of the hull cover).

24.2 **Coverage required**

(a) The Ship shall at all times be insured:

(i) against (A) fire and usual marine risks (including excess risks) and (B) war risks (including war protection and indemnity risks and terrorism, piracy and confiscation risks) on an agreed value basis, in each case for at least its minimum hull cover and in the case of sub-section (A), provided that the hull and machinery insurances for the Ship shall at all times cover 80% of its market value and the remaining minimum hull cover may be insured by way of excess risks cover;

(ii) against P&I risks for the highest amount then available in the insurance market for vessels of similar age, size and type as the Ship (but, in relation to liability for oil pollution, for an amount of not less than $1,000,000,000);

(iii) against such other risks and matters which the Agent notifies it that it considers reasonable for a prudent shipowner or operator to insure against at the time of that notice; and

(iv) on terms which comply with the other provisions of this clause 24.

(b) The Ship shall not enter or remain in any zone which has been declared a war, conditional or excluded zone by any government entity or the Ship's insurers for war risks and/or allied perils (including piracy) unless:

(i) appropriate insurances have been taken out by the relevant Owner; and

(ii) any requirements of the Agent and/or the Ship's insurers necessary to ensure that the Ship remains properly insured in accordance with the Finance Documents (including any requirement for the payment of extra insurance premiums) have been complied with.

24.3 **Placing of cover**

The insurance coverage required by clause 24.2 (*Coverage required*) shall be:

(a) in the name of the Ship's Owner and (in the case of the Ship's hull cover) no other person (other than the Security Agent if required by it) (unless such other person, if so required by the Agent, has duly executed and delivered a first priority assignment of its interest in the Ship's Insurances to the Security Agent in an approved form and provided such supporting documents and opinions in relation to that assignment as the Agent requires);

(b) if the Agent so requests, in the joint names of the Ship's Owner and the Security Agent (and, to the extent reasonably practicable in the insurance market, without liability on the part of the Security Agent for premiums or calls);

(c) in dollars or another approved currency;

(d) arranged through approved brokers or direct with approved insurers or protection and indemnity or war risks associations; and

(e) on approved terms and with approved insurers or associations.

24.4 **Deductibles**

The aggregate amount of any excess or deductible under the Ship's hull cover shall not exceed an approved amount.

24.5 **Mortgagee's insurance**

The Borrower shall promptly reimburse to the Agent the cost (as conclusively certified by the Agent) of taking out and keeping in force in respect of the Ship and the other Mortgaged Ships on approved terms, or in considering or making claims under:

(a) a mortgagee's interest insurance and a mortgagee's additional perils (pollution risks cover) for the benefit of the Finance Parties for an aggregate amount up to 110% of the aggregate of the Total Commitments at such time in respect of mortgagee's interest insurance and 110% of the aggregate of the Total Commitments at such time in respect of mortgagee's interest additional perils insurance; and

(b) any other insurance cover which the Agent reasonably requires in respect of any Finance Party's interests and potential liabilities (whether as mortgagee of the Ship or beneficiary of the Security Documents).

24.6 **Fleet liens, set off and cancellations**

If the Ship's hull cover also insures other vessels, the Security Agent shall either be given an undertaking in approved terms by the brokers or (if such cover is not placed through brokers or the brokers do not, under any applicable laws or insurance terms, have such rights of set off and cancellation) the relevant insurers that the brokers or (if relevant) the insurers will not:

(a) set off against any claims in respect of the Ship any premiums due in respect of any of such other vessels insured (other than other Mortgaged Ships); or

(b) cancel that cover because of non-payment of premiums in respect of such other vessels,

or the Borrower shall ensure that hull cover for the Ship and any other Mortgaged Ships is provided under a separate policy from any other vessels.

24.7 **Payment of premiums**

All premiums, calls, contributions or other sums payable in respect of the Insurances shall be paid punctually and the Agent shall be provided with all relevant receipts or other evidence of payment upon request.

24.8 **Details of proposed renewal of Insurances**

At least 14 days before any of the Ship's Insurances are due to expire, the Agent shall be notified of the names of the brokers, insurers and associations proposed to be used for the renewal of such Insurances and the amounts, risks and terms in, against and on which the Insurances are proposed to be renewed.

24.9 **Instructions for renewal**

At least seven days before any of the Ship's Insurances are due to expire, instructions shall be given to brokers, insurers and associations for them to be renewed or replaced on or before their expiry.

24.10 **Confirmation of renewal**

The Ship's Insurances shall be renewed upon their expiry in a manner and on terms which comply with this clause 24 and confirmation of such renewal given by approved brokers or insurers to the Agent at least seven days (or such shorter period as may be approved) before such expiry.

24.11 **P&I guarantees**

Any guarantee or undertaking required by any protection and indemnity or war risks association in relation to the Ship shall be provided when required by the association.

24.12 **Insurance documents**

The Agent shall be provided with pro forma copies of all insurance policies and other documentation issued by brokers, insurers and associations in connection with the Ship's Insurances as soon as they are available after they have been placed or renewed and all insurance policies and other documents relating to the Ship's Insurances shall be deposited with any approved brokers or (if not deposited with approved brokers) the Agent or some other approved person.

24.13 **Letters of undertaking**

Unless otherwise approved where the Agent is satisfied that equivalent protection is afforded by the terms of the relevant Insurances and/or any applicable law and/or a letter of undertaking provided by another person, on each placing or renewal of the Insurances, the Agent shall be provided promptly with letters of undertaking in an approved form (having regard to general insurance market practice and law at the time of issue of such letter of undertaking) from the relevant brokers, insurers and associations.

24.14 **Insurance Notices and Loss Payable Clauses**

The interest of the Security Agent as assignee of the Insurances shall be endorsed on all insurance policies and other documents by the incorporation of a Loss Payable Clause and an Insurance Notice in respect of the Ship and its Insurances signed by its Owner and, unless otherwise approved, each other person assured under the relevant cover (other than the Security Agent if it is itself an assured).

24.15 **Insurance correspondence**

If so required by the Agent, the Agent shall promptly be provided with copies of all written communications between the assureds and brokers, insurers and associations relating to any of the Ship's Insurances as soon as they are available.

24.16 **Qualifications and exclusions**

All requirements applicable to the Ship's Insurances shall be complied with and the Ship's Insurances shall only be subject to approved exclusions or qualifications.

24.17 **Independent report**

If the Agent asks the Borrower for a detailed report from an approved independent firm of marine insurance brokers giving their opinion on the adequacy of the Ship's Insurances then the Agent shall be provided promptly with such a report at no cost to the Agent or (if the Agent obtains such a report itself) the Borrower shall reimburse the Agent for the cost of obtaining that report.

24.18 **Collection of claims**

All documents and other information and all assistance required by the Agent to assist it and/or the Security Agent in trying to collect or recover any claims under the Ship's Insurances shall be provided promptly.

24.19 **Employment of Ship**

The Ship shall only be employed or operated in conformity with the terms of the Ship's Insurances (including any express or implied warranties) and not in any other way (unless the insurers have consented and any additional requirements of the insurers have been satisfied).

24.20 **Declarations and returns**

If any of the Ship's Insurances are on terms that require a declaration, certificate or other document to be made or filed before the Ship sails to, or operates within, an area, those terms shall be complied with within the time and in the manner required by those Insurances.

24.21 **Application of recoveries**

All sums paid under the Ship's Insurances to anyone other than the Security Agent shall be applied in repairing the damage and/or in discharging the liability in respect of which they have been paid except to the extent that the repairs have already been paid for and/or the liability already discharged.

24.22 **Settlement of claims**

Any claim under the Ship's Insurances for a Total Loss or Major Casualty shall only be settled, compromised or abandoned with prior approval.

24.23 **Change in insurance requirements**

If the Agent gives notice to the Borrower to change the terms and requirements of this clause 24 (which the Agent may only do, in such manner as it considers appropriate (acting reasonably having consideration to market conditions at the relevant time), as a result in changes of circumstances or practice after the date of this Agreement), this clause 24 shall be modified in the manner so notified by the Agent on the date 14 days after such notice from the Agent is received.

25 Minimum security value

The Borrower undertakes that this clause 25 will be complied with throughout any Mortgage Period.

25.1 **Valuation of assets**

For the purpose of the Finance Documents, the value at any time of any Mortgaged Ship or any other asset over which additional security is provided under this clause 25 will be its value as most recently determined in accordance with this clause 25.

25.2 **Valuation frequency**

Valuations of each Mortgaged Ship shall be carried out semi-annually, such valuations to be provided to the Agent at the same time that a Compliance Certificate is provided to the Agent at the end of the Group's second and fourth financial quarter of the Group's financial year pursuant to clause 19.2(a) and each valuation shall be dated no earlier than 30 days prior to delivery of that valuation to the Agent. In addition valuations of the relevant Mortgaged Ship (if, at the relevant time a valuation is required, the most recently provided valuation for the Mortgaged Ship is more than 30 days old) and each such other asset in accordance with this clause 25 as may be further required by the Agent at any other time if an Event of Default has occurred and is continuing or if a mandatory prepayment event occurs under clause 7.6 (*Sale or Total Loss*). In addition, no more than once a year, the Majority Lenders shall also have the right to request that the Agent nominate and appoint two Approved Brokers to provide valuations for the purposes of this clause 25.

25.3 **Expenses of valuation**

The Borrower shall bear, and reimburse to the Agent where incurred by the Agent, all reasonable costs and expenses of providing such a valuation.

25.4 **Valuations procedure**

The value of any Mortgaged Ship shall be determined in accordance with, and by Approved Valuers appointed in accordance with, this clause 25. Additional security provided under this clause 25 shall be valued in such a way, on such a basis and by such persons (including the Agent itself) as may be approved by the Majority Lenders or as may be agreed in writing by the Borrower and the Agent (on the instructions of the Majority Lenders).

25.5 **Currency of valuation**

Valuations shall be provided by Approved Valuers in dollars or, if an Approved Valuer is of the view that the relevant type of vessel is generally bought and sold in another currency, in that other currency. If a valuation is provided in another currency, for the purposes of this Agreement it shall be converted into dollars at the Agent's spot rate of exchange for the purchase of dollars with that other currency as at the date to which the valuation relates.

25.6 **Basis of valuation**

Each valuation will be addressed to the Agent in its capacity as such and made:

(a) without physical inspection (unless required by the Agent);

(b) on the basis of a sale for prompt delivery for a price payable in full in cash on delivery at arm's length on normal commercial terms between a willing buyer and a willing seller; and

(c) without taking into account the benefit (but taking into account the burden) of any charter commitment.

25.7 **Information required for valuation**

The Borrower shall promptly provide to the Agent and any such valuer any information which they reasonably require for the purposes of providing such a valuation.

25.8 **Approval of valuers**

All valuers must be Approved Valuers. The Agent shall respond promptly to any request by the Borrower, and the Borrower shall respond promptly to any request by the Agent, for approval of a broker nominated by the Borrower or, as the case may be, the Agent to become an Approved Valuer. The Agent may, acting reasonably, at any time by notice to the Borrower withdraw any Approved Valuer or previous approval of a valuer for the purposes of future valuations. That valuer may not then be appointed to provide valuations unless it is once more approved.

25.9 **Appointment of valuers**

When valuations of a Mortgaged Ship are required for the purposes of this clause 25, the Agent and the Borrower shall promptly each nominate an Approved Valuer to provide such valuations and the Borrower shall be responsible for appointing such nominated Approved Valuers and obtaining the required valuations of the Mortgaged Ship. If the Borrower fails to do so promptly, the Agent may appoint both Approved Valuers to provide the required valuations.

25.10 **Number of valuers**

Each valuation shall be carried out by the two Approved Valuers selected pursuant to clause 25.9 (*Appointment of valuers*).

25.11 **Differences in valuations**

If valuations provided by individual valuers differ, the value of the relevant Ship for the purposes of the Finance Documents will be the arithmetic mean average of those valuations. If the higher of the two valuations obtained pursuant to clause 25.10 is more than 110 per cent of the lower of the two valuations then a third valuation shall be obtained from a third Approved Valuer (nominated by the Agent and appointed by the Borrower) and the value of the relevant Mortgaged Ship for the purposes of the Finance Documents will be the arithmetic mean average of those three valuations.

25.12 **Security shortfall**

If at any time the Security Value is less than the Minimum Value, the Agent may, and shall, if so directed by the Majority Lenders, by notice to the Borrower require that such deficiency be remedied. The Borrower shall then within 30 days of receipt of such notice ensure that the Security Value equals or exceeds the Minimum Value. For this purpose, the Borrower may:

(a) provide additional security over other assets approved by the Majority Lenders in accordance with this clause 25; and/or

(b) direct the Agent that it is suspending its right to utilise part of the Facility sufficient to remedy such deficiency pending the Borrower being in compliance with clause 25.1 and, if applicable, prepay under clause 7.4 (*Voluntary prepayment of Loans*) a corresponding amount of the outstanding Loans; and/or

(c) cancel the Total Commitments under clause 7.3 (*Voluntary cancellation)*.

Where as a result of this clause the Security Value at any time is less than the Minimum Value, then the Total Commitments during such time shall be deemed to be reduced by an amount equal to such difference save that for the purpose of clause 5 (*Utilisation*) the Total Commitments at any time will in no circumstances exceed the Security Value at such time. Where this provision applies and, as a result, the amount of a New Loan is reduced pursuant to clause 5.4 prior to the discharge by the Borrower of its obligation to prepay the Loans or provide additional security, the amount of that reduction shall reduce, pro tanto, the prepayment or additional security obligations of the Borrower under this clause.

25.13 **Creation of additional security**

The value of any additional security which the Borrower offers to provide to remedy all or part of a shortfall in the amount of the Security Value will only be taken into account for the purposes of determining the Security Value if and when:

(a) that additional security, its value and the method of its valuation have been approved by the Majority Lenders, it being agreed that cash collateral provided in dollars or in the form of letters of credit denominated in dollars shall always be acceptable to the Lenders, and shall be valued at par;

(b) a Security Interest over that security has been constituted in favour of the Security Agent or (if appropriate) the Finance Parties in an approved form and manner;

(c) this Agreement has been unconditionally amended in such manner as the Agent requires in consequence of that additional security being provided; and

(d) the Agent, or its duly authorised representative, has received such documents and evidence it may require in relation to that amendment and additional security including documents and evidence of the type referred to in Schedule 3 in relation to that amendment and additional security and its execution and (if applicable) registration,

26 Chartering undertakings

The Borrower undertakes that this clause 26 will be complied with in relation to each Mortgaged Ship and its Charter Documents and, if a Charterer is a Group Member, by the relevant Charterer at any time during the relevant Ship's Mortgage Period that the Ship is subject to a Charter.

26.1 **Variations**

Except with approval (such approval not to be unreasonably withheld or delayed), the Charter Documents shall not be materially varied.

26.2 **Releases and waivers**

Except with approval (such approval not to be unreasonably withheld or delayed), there shall be no release by the relevant Owner of any obligation of any other person under the Charter Documents (including by way of novation), no waiver of any breach of any such obligation and no consent to anything which would otherwise be such a breach.

26.3 **Charter performance**

The relevant Owner shall perform its obligations under the Charter Documents and use its reasonable endeavours to ensure that each other party to them performs their obligations under the Charter Documents.

26.4 **Notice of assignment**

In respect of any Charter, the relevant Owner shall give notice of assignment of the Charter Documents to the other parties to them in the form specified by the Charter Assignment for that Ship promptly following the execution of the Charter Assignment and shall use its reasonable endeavours to ensure that the Agent receives a copy of that notice acknowledged by each addressee in the form specified therein.

26.5 **Payment of Charter Earnings**

All Earnings which the relevant Owner is entitled to receive under the Charter Documents shall be paid in the manner required by the Security Documents (and, if the Charterer is a Group Member, without any set-off or counter-claim and free and clear of any deductions or withholdings).

26.6 **Enforcement of charter assignment**

The Charterer shall allow the Security Agent to enforce the rights of the relevant Owner under the Charter as assignee of those rights under the relevant Charter Assignment.

26.7 **Sub-chartering**

Except with approval (such approval not to be unreasonably withheld or delayed), the Owner shall use all reasonable endeavours to procure that the Charterer shall not enter into any charter commitment for the Ship which, if entered into by the relevant Owner would require approval under clause 22.8 (*Chartering*) and if the Security Agent is at any time entitled to enforce its rights as mortgagee of the Ship under the terms of any Mortgage, the Charterer will exercise its rights under any sub-charter of the Ship in such manner as the Agent may direct.

26.8 **Charterer's manager**

A manager of the Ship shall not be appointed by the Charterer unless in accordance with clause 22.4 or that manager and the terms of its employment are approved by the Agent acting reasonably.

26.9 **Security Interests by Charterer**

Except as approved by the Majority Lenders (such approval not to be unreasonably withheld or delayed), the Owner shall use all reasonable endeavours to procure that the Charterer shall not grant or allow to exist any Security Interest over any asset of the Charterer over which a Security Interest is granted or expressed to be granted by its Charterer's Assignment.

27 Bank accounts

The Borrower undertakes that this clause 27 will be complied with throughout the Facility Period.

27.1 Earnings Account

(a) The Borrower shall be the holder of an account with an Account Bank which is designated as the "**Earnings Account**" for the purposes of the Finance Documents.

(b) The Earnings of the Mortgaged Ships and all moneys payable to the relevant Owner under the Ship's Insurances and any net amount payable to the Borrower under any Hedging Contract shall be paid by the persons from whom they are due or, if applicable, paid by the Owner receiving the same to the Earnings Account unless required to be paid to the Security Agent under the relevant Finance Documents.

(c) The Borrower shall not withdraw amounts standing to the credit of the Earnings Account except as permitted by clause 27.1(d) and 27.1(e).

(d) As long as no Default has occurred and is continuing and (as a result of that Default) the Agent has not given a notice to the Borrower notifying the Borrower that the amounts may not be withdrawn, then the Borrower may withdraw amounts from the Earnings Account.

(e) If a Default has occurred and is continuing, the Borrower may only withdraw the following amounts from the Earnings Account, in each case with the Agent's prior approval:

(i) payments then due to Finance Parties under the Finance Documents (other than payments due in respect of a prepayment);

(ii) payments then due under Hedging Contracts or other Treasury Transactions entered into to protect against the fluctuation in the rate of interest payable under the Finance Documents or the price of goods or services purchased by the relevant Owner for the purpose of operating a Ship;

(iii) payments of the proper costs and expenses of insuring, repairing, operating and maintaining any Mortgaged Ship; and

(iv) payments to purchase other currencies in amounts and at times required to make payments referred to above in the currency in which they are due.

27.2 Other provisions

(a) The Earnings Account may only be designated for the purposes described in this clause 27 if:

(i) such designation is made in writing by the Agent and acknowledged by the Borrower and specifies the names and addresses of the Account Bank and the Borrower and the number and any designation or other reference attributed to the Earnings Account;

(ii) an Account Security has been duly executed and delivered by the Borrower in favour of the Security Agent;

(iii) any notice required by the Account Security to be given to an Account Bank has been given to, and acknowledged by, the Account Bank in the form required by the relevant Account Security; and

(iv) the Agent, or its duly authorised representative, has received such documents and evidence it may require in relation to the Earnings Account and the Account Security including documents and evidence of the type referred to in Schedule 3 in relation to the Earnings Account and the Account Security.

(b) The rates of payment of interest and other terms regulating the Earnings Account will be a matter of separate agreement between the Borrower and Account Bank. If the Earnings Account is a fixed term deposit account, the Borrower may select the terms of deposits until the Account Security has become enforceable and the Security Agent directs otherwise.

(c) The Borrower shall not close the Earnings Account or alter the terms of the Earnings Account from those in force at the time it is designated for the purposes of this clause 27 or waive any of its rights in relation to the Earnings Account except with approval.

(d) The Borrower shall deposit with the Security Agent all certificates of deposit, receipts or other instruments or securities relating to the Earnings Account, notify the Security Agent of any claim or notice relating to the Earnings Account from any other party and provide the Agent with any other information it may request concerning the Earnings Account.

(e) Each of the Agent and the Security Agent agrees that if it is an Account Bank in respect of the Earnings Account then there will be no restrictions on creating a Security Interest over the Earnings Account as contemplated by this Agreement and it shall not (except with the approval of the Majority Lenders) exercise any right of combination, consolidation or set-off which it may have in respect of the Earnings Account in a manner adverse to the rights of the other Finance Parties.

28 Business restrictions

Except as otherwise approved by the Majority Lenders (such approval not to be unreasonably withheld in the case of clause 28.12 (*Distributions and other payments*)) the Borrower undertakes that this clause 28 will be complied with by and in respect of the Borrower or, as the case may be, each Owner or the Parent, throughout the Facility Period.

28.1 General negative pledge

In this 28.1, **Quasi-Security** means an arrangement or transaction described in clause 28.1(b):

(a) No Owner shall permit any Security Interest to exist, arise or be created or extended over all or any part of its assets.

(b) (Without prejudice to clauses 28.2 (*Financial Indebtedness*) and 28.6 (*Disposals*)), no Owner shall:

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby that asset is or may be leased to, or re-acquired by, any other Group Member other than pursuant to disposals permitted under clause 28.6 (*Disposals*);

(ii) sell, transfer, factor or otherwise dispose of any of its receivables on recourse terms (except for the discounting of bills or notes in the ordinary course of business);

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) The Parent shall not permit any Security Interest to be granted or created in respect of the share capital or membership interests of the Borrower.

(d) Clauses 28.1(a) and 28.1(b) above do not apply to any Security Interest or (as the case may be) Quasi-Security, listed below:

(i) those in respect of the Existing Credit Facility that will be fully repaid on the first Utilisation Date;

(ii) those granted or expressed to be granted by any of the Security Documents; and

(iii) in relation to a Mortgaged Ship, Permitted Liens.

28.2 **Financial Indebtedness**

No Owner shall incur or permit to exist, any Financial Indebtedness owed by it to anyone else except:

(a) any Financial Indebtedness outstanding under the Existing Credit Facility that will be fully repaid on the first Utilisation Date;

(b) Financial Indebtedness incurred under the Finance Documents;

(c) Financial Indebtedness owed to another Group Member which is fully subordinated to all amounts payable by the Borrower under the Finance Documents on terms approved by the Agent pursuant to a Subordination Agreement entered into between the relevant Owner and the Security Agent;

(d) Financial Indebtedness permitted under clause 28.3 (*Guarantees*); and

(e) Financial Indebtedness permitted under clause 28.4 (*Loans and credit*),

and the Borrower shall not incur or permit to exist any Financial Indebtedness or Indebtedness (as defined in clause 20.1 (*Financial definitions*)), that would cause the Borrower to be in default of clause 20 (*Financial covenants*).

28.3 **Guarantees**

No Owner shall give or permit to exist, any guarantee by it in respect of indebtedness of any person or allow any of its indebtedness to be guaranteed by anyone else except:

(a) any Financial Indebtedness outstanding under the Existing Credit Facility that will be fully repaid on the first Utilisation Date;

(b) guarantees of obligations of another Owner that are not Financial Indebtedness or obligations prohibited by any Finance Document;

(c) guarantees in favour of trade creditors of the Group given in the ordinary course of its business; and

(d) guarantees which are Financial Indebtedness permitted under clause 28.2 (*Financial Indebtedness*).

28.4 **Loans and credit**

No Owner shall make, grant or permit to exist any loans or any credit by it to anyone else other than:

(a) loans or credit to another Owner permitted under clause 28.2 (*Financial Indebtedness*); and

(b) trade credit granted by it to its customers on normal commercial terms in the ordinary course of its trading activities.

28.5 **Bank accounts and other financial transactions**

Other than in relation to the Existing Credit Facility that will be fully repaid on the first Utilisation Date, no Owner shall:

(a) maintain any current or deposit account with a bank or financial institution except for the deposit of money, operation of current accounts and the conduct of electronic banking operations with Lenders;

(b) hold cash in any account (other than with a Lender) over or in respect of which any set-off, combination of accounts, netting or Security Interest exists except as permitted by clause 28.1 (*General negative pledge*); or

(c) be party to any banking or financial transaction, whether on or off balance sheet, that is not expressly permitted under this clause 28 (*Business restrictions*).

28.6 **Disposals**

No Owner shall enter into a single transaction or a series of transactions, whether related or not and whether voluntarily or involuntarily, to dispose of any asset except for any of the following disposals so long as they are not prohibited by any other provision of the Finance Documents:

(a) disposals of assets made in (and on terms reflecting) the ordinary course of trading of the disposing entity;

(b) disposals of assets made by one Group Member to another Group Member;

(c) disposals of obsolete assets, or assets which are no longer required for the purpose of the business of the relevant Group Member, in each case for cash on normal commercial terms and on an arm's length basis;

(d) any disposal of receivables on a non-recourse basis on arm's length terms (including at fair market value) for non-deferred cash consideration in the ordinary course of its business;

(e) disposals permitted by clauses 28.1 *(General negative pledge)* or 28.2 (*Financial Indebtedness*);

(f) dealings with trade creditors with respect to book debts in the ordinary course of trading; and

(g) the application of cash or cash equivalents in the acquisition of assets or services in the ordinary course of its business.

28.7 **Contracts and arrangements with Affiliates**

No Owner shall be party to any arrangement or contract with any of its Affiliates unless such arrangement or contract is on an arm's length basis.

28.8 **Subsidiaries**

No Owner shall establish or acquire a company or other entity which would be or become a Group Member or reactivate any dormant Group Member.

28.9 **Acquisitions and investments**

No Owner shall acquire any person, business, assets or liabilities or make any investment in any person or business or enter into any joint-venture arrangement except:

(a) capital expenditures or investments related to maintenance of a Ship in the ordinary course of its business;

(b) acquisitions of assets in the ordinary course of business (not being new businesses or vessels);

(c) the incurrence of liabilities in the ordinary course of its business;

(d) any loan or credit not otherwise prohibited under this Agreement;

(e) pursuant to any Finance Documents or any Charter Documents to which it is party; or

(f) any acquisition pursuant to a disposal permitted under clause 28.6 (*Disposals*).

28.10 **Reduction of capital**

Neither the Borrower nor any Owner shall redeem or purchase or otherwise reduce any of its equity or any other share capital or membership interests or any warrants or any uncalled or unpaid liability in respect of any of them or reduce the amount (if any) for the time being standing to the credit of its share premium account or capital redemption or other undistributable reserve in any manner.

28.11 **Increase in capital**

Neither the Borrower nor any Owner shall issue membership interests or other equity interests to anyone except for, in the case of the Owners, the Borrower and, in the case of the Borrower, the Parent.

28.12 **Distributions and other payments**

A dividend may be paid on a quarterly basis on or after 31 December 2020 provided that, at such time:

(a) the Group is on a consolidated basis in compliance or, where applicable, pro forma compliance with clause 20 (*Financial Covenants*) after giving effect to such dividend so paid or declared; and

(b) no Default has occurred or will occur following such dividend so paid or declared.

29 Hedging Contracts

The Borrower undertakes that this clause 29 will be complied with throughout the Facility Period in respect of any Treasury Transaction it enters into with a Hedging Provider or a third party so

as to hedge all or any part of its exposure under this Agreement to interest rate fluctuations and

currency risk.

29.1 **Hedging**

(a) If, at any time during the Facility Period, the Borrower has entered into any Treasury Transaction with a Hedging Provider or a third party so as to hedge all or any part of its exposure under this Agreement to interest rate fluctuations and currency risk, it shall notify the Agent in writing promptly following the occurrence of the same. Any Treasury Transaction must comply with the provisions of clauses 29.1(b) and 29.1(c).

(b) The Borrower agrees that it shall not enter into a speculative hedging transaction (which would include hedging transactions which are: (i) not entered into to hedge a real risk or exposure which the Borrower has or (ii) which are entered into by the Borrower for the main purpose of financial losses or gains, except for any forward foreign exchange, synthetic deposit or similar transaction entered into the Borrower in the ordinary course of its interest investment arrangements) under any Treasury Transaction with a Hedging Provider or a third party.

(c) Any Treasury Transaction which is concluded with a Hedging Provider so as to hedge all or any part of the Borrower's exposure under this Agreement to interest rate fluctuations and currency risk shall be on the terms of the Hedging Master Agreement with that Hedging Provider but, unless otherwise approved by the relevant Hedging Provider, no Hedging Transaction or Hedging Exposure shall be outstanding at the end of the Facility Period. The Borrower may also enter into Treasury Transactions with third party providers other than the Hedging Providers so long as the provisions of clauses 21.7 (*Charged Property*) and 28.1 (*General negative pledge*) are complied with.

(d) If and when any such Treasury Transaction has been concluded with a Hedging Provider, it shall constitute a Hedging Contract for the purposes of the Finance Documents.

29.2 **Unwinding of Hedging Contracts**

If, at any time, and whether as a result of any cancellation (in whole or in part) of any Commitment or otherwise, the aggregate notional principal amount under all Hedging Transactions in respect of a Loan entered into by the Borrower exceeds or will exceed the amount of such Loan outstanding at that time after such cancellation, then (unless otherwise approved by the Majority Lenders) the Borrower shall immediately close out and terminate sufficient Hedging Transactions as are necessary to ensure that the aggregate notional principal amount under the remaining continuing Hedging Transactions in respect of the relevant Loan equals, and will in the future be equal to, the amount of such Loan at that time and as scheduled to be repaid from time to time thereafter pursuant to clauses 6.2 (*Reduction of Facility*) or 7 (*Illegality, prepayment and cancellation*).

29.3 **Releases and waivers**

Except with approval, there shall be no release by the Borrower of any obligation of any other person under the Hedging Contracts (including by way of novation), no waiver of any breach of any such obligation and no consent to anything which would otherwise be such a breach.

29.4 **Assignment of Hedging Contracts by the Borrower**

Except with approval, the Borrower shall not assign or otherwise dispose of its rights under any Hedging Contract.

29.5 **Performance of Hedging Contracts by the Borrower**

The Borrower shall perform its obligations under the Hedging Contracts.

29.6 **Information concerning Hedging Contracts**

The Borrower shall provide the Agent with any information it may request concerning any Hedging Contract, including all reasonable information, accounts and records that may be necessary or of assistance to enable the Agent to verify the amounts of all payments and any other amounts payable under the Hedging Contracts.

30 Events of Default

Each of the events or circumstances set out in clauses 30.1 to 30.21 is an Event of Default.

30.1 **Non-payment**

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

(a) its failure to pay is caused by administrative or technical error or by a Payment Disruption Event; and

(b) payment is made within two Business Days of its due date.

30.2 **Hedging Contracts**

(a) An Event of Default (as defined in any Hedging Master Agreement) has occurred and is continuing under any Hedging Contract.

(b) An Early Termination Date (as defined in any Hedging Master Agreement) has occurred or been or become capable of being effectively designated under any Hedging Contract.

30.3 **Financial covenants**

The Borrower does not comply with clause 20 *(Financial covenants)*.

30.4 **Value of security**

The Borrower does not comply with clause 25.12 (*Security shortfall*).

30.5 **Insurance**

(a) The Insurances of a Mortgaged Ship are not placed and kept in force in the manner required by clauses 24.2 (*Coverage required*) and 24.3 (*Placing of cover*).

(b) Any insurer either:

(i) cancels any such Insurances; or

(ii) disclaims liability under them by reason of any misstatement or failure or default by any person.

30.6 **Other obligations**

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in clauses 30.1 (*Non-payment*), 30.2 (*Hedging Contracts*), 30.3 (*Financial Covenants*) 30.4 (*Value of security*), 30.5 (*Insurance*) and 30.21 (*Sanctions undertakings)*).

(b) No Event of Default under clause 30.6(a) above will occur if the Agent considers (acting on the instructions of the Majority Lenders) that the failure to comply is capable of remedy and the failure is remedied within seven (7) days (and in the case of clause 23.10 (*Release from arrest*) thirty (30) days) of the Agent giving notice to the Borrower.

30.7 **Misrepresentation**

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

30.8 **Cross default**

(a) Any Financial Indebtedness of any Group Member exceeding $500,000 is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any Group Member exceeding $500,000 is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any Group Member exceeding $500,000 is cancelled or suspended by a creditor of that Group Member exceeding $500,000 as a result of an event of default (however described).

(d) The counterparty to a Treasury Transaction exceeding $500,000 entered into by any Group Member becomes entitled to terminate that Treasury Transaction early by reason of an event of default (however described).

(e) Any creditor of any Group Member becomes entitled to declare any Financial Indebtedness of that Group Member exceeding $500,000 due and payable prior to its specified maturity as a result of an event of default (however described).

(f) No Event of Default will occur under this clause 30.8 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within clauses 30.8(a) to 30.8(e) above is less than $20,000,000 (or its equivalent in any other currency or currencies).

(g) No Event of Default under this clause 30.8 will occur if the Agent (acting on behalf of the Majority Lenders) considers that the failure to comply is capable of remedy and the failure is remedied within five Business Days of the Agent giving notice to the Borrower.

30.9 **Insolvency**

(a) A Group Member is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(b) The value of the assets of any Group Member is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of any Group Member. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

30.10 **Insolvency proceedings**

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Group Member other than a solvent liquidation or reorganisation of any Group Member which is not an Obligor;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Group Member;

(iii) the appointment of a liquidator (other than in respect of a solvent liquidation of a Group Member which is not an Obligor), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Group Member or any of its assets (including the directors of any Group Member requesting a person to appoint any such officer in relation to it or any of its assets); or

(iv) enforcement of any Security Interest over any assets of any Group Member,

or any analogous procedure or step is taken in any jurisdiction.

(b) Clause 30.10(a) shall not apply to any winding-up petition (or analogous procedure or step) which is frivolous or vexatious and is discharged, stayed or dismissed within 28 days of commencement or, if earlier, the date on which it is advertised.

30.11 **Creditors' process**

(a) Any expropriation, attachment, sequestration, distress, execution or analogous process affects any asset or assets of any Group Member, which would in aggregate exceed $500,000 or, when aggregated with the value of any assets of the other Group Members affected by any process mentioned in this clause 30.11(a), would exceed $20,000,000, and is not discharged within 28 days.

(b) Any judgment or order for an amount in excess of $500,000 in respect of the Borrower or $20,000,000 in respect of the Guarantors, is made against any Group Member and is not stayed or complied with within 28 days.

30.12 **Unlawfulness and invalidity**

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Security Interest created or expressed to be created or evidenced by the Security Documents ceases to be effective.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.

(c) Any Finance Document or any Security Interest created or expressed to be created or evidenced by the Security Documents ceases to be in full force and effect or is alleged by a party to it (other than a Finance Party) to be ineffective for any reason.

(d) Any Security Document does not create legal, valid, binding and enforceable security over the assets charged under that Security Document or the ranking or priority of such security is adversely affected.

30.13 **Cessation of business**

Any Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

30.14 **Expropriation**

The authority or ability of any Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any Obligor or any of its assets.

30.15 **Repudiation and rescission of Finance Documents**

An Obligor (or any other relevant party) repudiates or purports to repudiate a Finance Document or evidences an intention to rescind or purports to rescind a Finance Document.

30.16 **Litigation**

Any litigation, alternative dispute resolution, arbitration or administrative proceeding is taking place, or threatened against any Group Member or any of its assets, rights or revenues exceeding $10,000,000 which, if adversely determined, might have a Material Adverse Effect.

30.17 **Material Adverse Effect**

Any Environmental Incident or other event or circumstance or series of events (including any change of law) occurs which the Majority Lenders reasonably believe has, or is reasonably likely to have, a Material Adverse Effect.

30.18 **Security enforceable**

Any Security Interest (other than a Permitted Lien) in respect of Charged Property becomes enforceable.

30.19 **Arrest of Ship**

Any Mortgaged Ship is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim and the relevant Owner fails to procure the release of such Ship within a period of 28 days thereafter (or such longer period as may be approved) or, in the case of any seizure or detention of such Ship as a result of piracy, within a period of 365 days thereafter.

30.20 **Ship registration**

Except with approval, the registration of any Mortgaged Ship under the laws and flag of its Flag State is cancelled or terminated or, where applicable, not renewed or, if such Ship is only provisionally registered on the date of its Mortgage, such Ship is not permanently registered under such laws within 90 days of such date.

30.21 **Sanctions undertakings**

An Obligor does not comply with any provision of clause 19.7 (*Sanctions information*), 21.13 (*Sanctions*) or 23.6(c) (*Maintenance of class; compliance with laws and codes*).

30.22 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

(a) cancel the Total Commitments at which time they shall immediately be cancelled; and/or

(b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or

(c) declare that all or part of the Loans be payable on demand, at which time it shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or

(d) declare that no withdrawals be made from the Earnings Account; and/or

(e) exercise or direct the Security Agent and/or any other beneficiary of the Security Documents to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

31 Position of Hedging Provider

31.1 **Hedging Providers**

At the time any Hedging Contract is entered into any Hedging Provider who is party to such Hedging Contract shall accede to, and become a party to, this Agreement by entering into a deed of adherence in a form to be agreed by the parties and upon the execution of such deed of adherence the relevant Hedging Provider shall have the rights and obligations on the part of the Hedging Providers contained in this Agreement and the other Finance Documents.

31.2 **Rights of Hedging Provider**

Each Hedging Provider is a Finance Party and as such, will be entitled to share in the security constituted by the Security Documents in respect of any liabilities of the Borrower under the Hedging Contracts with such Hedging Provider in the manner and to the extent contemplated by the Finance Documents.

31.3 **No voting rights**

No Hedging Provider shall be entitled to vote on any matter where a decision of the Lenders alone is required under this Agreement, whether before or after the termination or close out of the Hedging Contracts with such Hedging Provider, provided that each Hedging Provider shall be entitled to vote on any matter where a decision of all the Finance Parties is expressly required.

31.4 **Acceleration and enforcement of security**

Neither the Agent nor the Security Agent or any other beneficiary of the Security Documents shall be obliged, in connection with any action taken or proposed to be taken under or pursuant to clause 30 (*Events of Default*) or pursuant to the other Finance Documents, to have any regard to the requirements of the Hedging Provider except to the extent that the relevant Hedging Provider is also a Lender.

SECTION 9 - CHANGES TO PARTIES

32 Changes to the Lenders

32.1 Assignments and transfers by the Lenders

Subject to this clause 32, a Lender (the **Existing Lender**) may assign any of its rights to another bank, financial institution which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (excluding a hedge fund), unless an Event of Default has occurred and is continuing, in which case the Existing Lender may assign its right to any person (in each case, the new assignee being the **New Lender**).

32.2 Conditions of assignment

(a) The consent of the Borrower is required for an assignment by a Lender, unless the assignment is to another Lender or an Affiliate of a Lender or an Event of Default is continuing. The Agent will immediately advise the Borrower of the assignment.

(b) The Borrower's consent may not be unreasonably withheld or delayed and will be deemed to have been given fifteen Business Days after the Lender has requested consent unless consent is expressly refused within that time.

(c) An assignment will only be effective:

(i) on receipt by the Agent of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the Borrower and the other Finance Parties as it would have been under if it was an Original Lender;

(ii) on the New Lender entering into any documentation required for it to accede as a party to any Security Document to which the Original Lender is a party in its capacity as a Lender and, in relation to such Security Documents, completing any filing, registration or notice requirements;

(iii) if an assignment takes effect after there has been a Utilisation, the assignment of an Existing Lender's participation in the Utilisations (if any) under the Facility shall take effect in respect of the same fraction of each such Utilisation;

(iv) on the performance by the Agent of all "know your customer" or other checks relating to any person that it is required to carry out in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Lender and the New Lender;

(v) if that Existing Lender assigns equal fractions of its Commitment and participation in the Facility and each Utilisation (if any) under the Facility; and

(vi) if it is for a minimum amount of $20,000,000 (unless the assignment is of all an Existing Lender's Commitment and all of its participation in the Loans).

(d) Each New Lender, by executing the relevant Transfer Certificate, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with the Finance Documents on or prior to the date on which the assignment becomes effective in accordance with the Finance Documents and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

32.3 **Fee**

The New Lender shall, on the date upon which an assignment takes effect, pay to the Agent (for its own account) a fee of $5,000 per assignment.

32.4 **No increased costs**

(a) If:

(i) (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under clause 12 (*Tax gross up and indemnities*) or clause 13 (*Increased costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

32.5 **Limitation of responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor or any other person of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(c) has made (and shall continue to make) its own independent investigation and assessment of:

(i) the financial condition and affairs of the Obligors and their related entities in connection with its participation in this Agreement; and

(ii) the application of any Basel II Regulation or Basel III Regulation to the transactions contemplated by the Finance Documents;

(d) and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document;

(e) will continue to make its own independent appraisal of the application of any Basel II Regulation or Basel III Regulation to the transactions contemplated by the Finance Documents; and

(f) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(g) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-assignment from a New Lender of any of the rights assigned under this clause 32 (*Changes to the Lenders*); or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or by reason of the application of any Basel II Regulation or Basel III Regulation to the transactions contemplated by the Finance Documents or otherwise.

32.6 **Procedure for transfer**

(a) Subject to the conditions set out in clause 32.2 (*Conditions of assignment*) an assignment may be effected in accordance with clause 32.6(c) below when (a) the Agent executes an otherwise duly completed Transfer Certificate and (b) the Agent executes any document required under clause 32.2(c) which it may be necessary for it to execute in each case delivered to it by the Existing Lender and the New Lender duly executed by them and, in the case of any such other document, any other relevant person. The Agent shall, as soon as reasonably practicable after receipt by it of a Transfer Certificate and any such other document each duly completed, appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate and such other document.

(b) The Obligors and the other Finance Parties irrevocably authorise the Agent to execute any Transfer Certificate on their behalf without any consultations with them.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to be released from its obligations under the Finance Documents, the Existing Lender shall be released from further obligations towards the Obligors and the other Finance Parties under the Finance Documents and the rights of the Obligors and the other Finance Parties against the Existing Lender under the Finance Documents shall be cancelled (being the **Discharged Rights and Obligations**) (but the obligations owed by the Obligors under the Finance Documents shall not be released);

(ii) the New Lender shall assume obligations towards each of the Obligors who are a Party and/or the Obligors and the other Finance Parties shall acquire rights against the New Lender which differ from the Discharged Rights and Obligations only insofar as the New Lender has assumed and/or the Obligors and the other Finance Parties have acquired the same in place of the Existing Lender;

(iii) the other Finance Parties and the New Lender shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Existing Lender and the other Finance Parties shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party to the Finance Documents as a "Lender" for the purposes of all the Finance Documents.

32.7 **Copy of Transfer Certificate or Increase Confirmation to Borrower**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or Increase Confirmation and any other document required under clause 32.2(c), send a copy of that Transfer Certificate or Increase Confirmation and such documents to the Borrower.

32.8 **Security over Lenders' Rights**

In addition to the other rights provided to Lenders under this clause 32, each Lender may without consulting with or obtaining consent from an Obligor, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank except that no such charge, assignment or Security Interest shall:

(a) release a Lender from any obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(b) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

33 Assignments and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents without the prior written consent of the Lenders.

SECTION 10 - THE FINANCE PARTIES

34 Roles of Agent, Security Agent and Arrangers

34.1 Appointment of the Agent

(a) Each other Finance Party (other than the Security Agent) appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each such other Finance Party authorises the Agent:

(i) to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions; and

(ii) to execute each of the Security Documents, and all other documents that may be approved by the Majority Lenders for execution by it.

(c) The Agent accepts its appointment under clause 34.1(a) as trustee of the Trust Property with effect from the date of this Agreement and declares that it holds the Trust Property on trust for itself and the other Finance Parties (for so long as they are Finance Parties) on and subject to the terms of this clause 34 and the Security Documents to which it is a party.

34.2 Duties of the Agent

(a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Without prejudice to clause 32.7 (*Copy of Transfer Certificate or Increase Confirmation to* Borrower*)*, clause 34.2(a) shall not apply to any Transfer Certificate or Increase Confirmation.

(c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or an Arranger for their own account) under this Agreement it shall promptly notify the other Finance Parties.

(f) Except as specifically provided in the Finance Documents, the Agent has no obligations of any kind to any other Party under or in connection with the Finance Documents. The Agent’s duties under the Finance Documents are solely mechanical and administrative in nature.

34.3 **Role of the Arrangers, the Bookrunner and the Sustainability Agent**

Except as specifically provided in the Finance Documents, the Arrangers, the Bookrunner and the Sustainability Agent have no obligations of any kind to any other Party under or in connection with any Finance Document or the transactions contemplated by the Finance Documents.

34.4 **No fiduciary duties**

(a) Nothing in this Agreement constitutes an Arranger as a trustee or fiduciary of any other person except to the extent that the Agent holds the benefit of the Security Documents in trust for the other Finance Parties pursuant to clause 34.

(b) Neither the Agent, Sustainability Agent nor any of the Arrangers shall be bound to account to any Lender or any Hedging Provider for any sum or the profit element of any sum received by it for its own account or have any obligations to the other Finance Parties beyond those expressly stated in the Finance Documents.

34.5 **Business with the Group**

The Agent and any Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or other Group Member or their Affiliates.

34.6 **Rights and discretions of the Agent**

(a) The Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his or her knowledge or within his or her power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the other Finance Parties) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 30.1 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised;

(iii) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors; and

(iv) any instructions received by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents (unless it has received written notice that those instructions have been revoked).

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts in the conduct of its obligations and responsibilities under the Finance Documents.

(d) The Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Without prejudice to the generality of clause 34.6(e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Borrower and shall disclose the same upon the written request of the Borrower or the Majority Lenders.

(g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor any Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality. The Agent and any Arranger may do anything which in its opinion, is necessary or desirable to comply with any law or regulation of any jurisdiction.

(h) Notwithstanding any other provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

34.7 **Majority Lenders' instructions**

(a) Unless a contrary indication appears in a Finance Document, the Agent shall:

(i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent); and

(ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders to the Agent (in relation to any right, power, authority or discretion vested in it as Agent) shall be binding on all the Finance Parties.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of, or while awaiting, instructions from the Majority Lenders (or, if appropriate, the Lenders), the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Finance Parties.

(e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) or any Hedging Provider in any legal or arbitration proceedings relating to any Finance Document. This clause 34.7(e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Security Documents.

(f) Neither the Agent nor any Arranger shall be obliged to request any certificate, opinion or other information under clause 19 (*Information undertakings*) unless so required in writing by a Lender or any Hedging Provider, in which case the Agent shall promptly make the appropriate request of the Borrower if such request would be in accordance with the terms of this Agreement.

34.8 **Responsibility for documentation and other matters**

Neither the Agent nor the Arrangers:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, any Arranger, an Obligor or any other person given in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or of any representations in any Finance Document or of any copy of any document delivered under any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any Charter Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or any Charter Document or any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise;

(c) is responsible for the application of any Basel II Regulation or Basel III Regulation to the transactions contemplated by the Finance Documents;

(d) is responsible for any loss to the Trust Property arising in consequence of the failure, depreciation or loss of any Charged Property or any investments made or retained in good faith or by reason of any other matter or thing;

(e) is obliged to account to any person for any sum or the profit element of any sum received by it for its own account;

(f) is responsible for the failure of any Obligor or any other party to perform its obligations under any Finance Document or any Charter Document or the financial condition of any such person;

(g) is responsible for ascertaining whether all deeds and documents which should have been deposited with it under or pursuant to any of the Security Documents have been so deposited;

(h) is responsible for investigating or making any enquiry into the title of any Obligor to any of the Charged Property or any of its other property or assets;

(i) is responsible for the failure to register any of the Security Documents with the Registrar of Companies or any other public office;

(j) is responsible for the failure to register any of the Security Documents in accordance with the provisions of the documents of title of any Obligor to any of the Charged Property;

(k) is responsible for the failure to take or require any Obligor to take any steps to render any of the Security Documents effective as regards property or assets outside England or Wales or to secure the creation of any ancillary charge under the laws of the jurisdiction concerned; or

(l) is responsible (save as otherwise provided in this clause 34) for taking or omitting to take any other action under or in relation to the Security Documents;

(m) is responsible on account of the failure of any other beneficiary of a Security Document to perform or discharge any of its duties or obligations under the Security Documents; or

(n) is (unless it is the same entity as the Agent) responsible on account of the failure of the Agent and/or any other beneficiary of a Security Document to perform or discharge any of its duties or obligations under the Security Documents; or

(o) for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by any applicable law relating to insider dealing or otherwise.

34.9 **Exclusion of liability**

(a) Without limiting clause 34.9(b) the Agent will not be liable for :

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document; or

(iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency, restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document any officer, employee or agent of the Agent may rely on this clause subject to clause 1.3 and the provisions of the Third Parties Act.

(c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Agent or any Arranger to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender or any

Hedging Provider and each Lender and each Hedging Provider confirms to the Agent and the Arrangers that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or any Arranger.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss.

(f) In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages

34.10 **Lenders' indemnity to the Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against:

(a) any Losses for negligence or any other category of liability whatsoever incurred by such Lenders' Representative in the circumstances contemplated pursuant to clause 37.11 (*Disruption to payment systems etc*) notwithstanding the Agent's negligence, gross negligence, or any other category of liability whatsoever but not including any claim based on the fraud of the Agent); and

(b) any other Losses (otherwise than by reason of the Agent's gross negligence or wilful misconduct) including the costs of any person engaged in accordance with clause 34.6(c) (*Rights and discretions of the Agent*) and any Receiver in acting as its agent under the Finance Documents

in each case incurred by the Agent in acting as such under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document or out of the Trust Property). The Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Agent pursuant to paragraph (a) above.

34.11 **Resignation of the Agent**

(a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders, the Hedging Providers and the Borrower.

(b) Alternatively the Agent may resign by giving notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with clause 34.11(b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Borrower) may appoint a successor Agent.

(d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may, if it concludes (acting

reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent, agree with the proposed successor Agent (subject to the Borrower's approval in respect of any matters that would materially change the Borrower's liability under this Agreement) amendments to this clause 34 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with then current market practice for the appointment and protection of corporate trustees, together with any reasonable amendments to the agency fee payable under this Agreement (subject to the Borrower's approval (such approval not to be unreasonably withheld)) which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties.

(e) The retiring Agent shall, either at the Lenders' expense if it has been required to resign pursuant to clause 34.11(h) or otherwise at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(f) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of clause 14.3 (*Indemnity to the Agent*) and this clause 34 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(h) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with clause 34.11(a). In this event, the Agent shall resign in accordance with clause 34.11(a).

(i) At any time after the appointment of a successor, the retiring Agent shall execute all acts, deeds and documents reasonably required by its successor to transfer to it (or its nominee, as it may direct) any property, assets and rights previously vested in the retiring Agent pursuant to the Security Documents and which shall not have vested in its successor by operation of law. All such acts, deeds and documents shall be done or, as the case may be, executed at the cost of the retiring Agent (except where the Agent is retiring pursuant to clause 34.11(h) in which case such costs shall be borne by the Lenders (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero).

(j) The Agent shall resign in accordance with clause 34.11(b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph 34.11(c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

(i) the Agent fails to respond to a request under clause 12.8 (*FATCA Information*) and the Borrower or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

(ii) the information supplied by the Agent pursuant to clause 12.8 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(iii) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Borrower or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Borrower or that Lender, by notice to the Agent, requires it to resign.

34.12 **Confidentiality**

(a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its department, division or team directly responsible for the management of the Finance Documents which shall be treated as a separate entity from any other of its divisions, departments or teams.

(b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent, nor any Arranger is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

34.13 **Relationship with the Lenders and Hedging Provider**

(a) The Agent may treat the person shown in its records as Lender or each Hedging Provider at the opening of business (in the place of its principal office as notified to the Finance Parties from time to time) as the Lender or (as the case may be) a Hedging Provider acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days prior notice from that Lender (or as the case may be a Hedging Provider) to the contrary in accordance with the terms of this Agreement.

(b) Each Lender and each Hedging Provider shall supply the Agent with any information that the Agent may reasonably specify as being necessary or desirable to enable the Agent to perform its functions as Agent, including, but not limited to, any information which the Agent may require to comply with "know your customer checks" or similar identification procedures.

34.14 **Credit appraisal by the Lenders and Hedging Providers**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and each Hedging Provider confirms to each other Finance Party that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each Obligor and other Group Member;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any Charter Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or any Charter Document;

(c) the application of any Basel II Regulation or Basel III Regulation to the transactions contemplated by the Finance Documents;

(d) whether any Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(e) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document or, any Charter Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or any Charter Document; and

(f) the right of title of any person to, or the value or sufficiency of, any part of the Charged Property, the priority of the Security Documents or the existence of any Security Interest affecting the Charged Property.

34.15 **Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Borrower) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

34.16 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

34.17 **Security Agent**

(a) Each other Finance Party appoints the Security Agent to act as its agent and (to the extent permitted under any applicable law) trustee under and in connection with the Security Documents and confirms that the Security Agent shall have a lien on the Security Documents and the proceeds of the enforcement of those Security Documents for all moneys payable to the beneficiaries of those Security Documents.

(b) Each other Finance Party authorises the Security Agent:

(i) to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions; and

(ii) to execute each of the Security Documents and all other documents that may be approved by the Agent and/or the Majority Lenders for execution by it.

(c) The Security Agent accepts its appointment under this clause 34.17 (*Security Agent*) as trustee of the Trust Property with effect from the date of this Agreement and declares that it holds the Trust Property on trust for itself, the other Finance Parties (for so long as they are Finance Parties) on and subject to the terms set out in clauses 34.17—34.25 (inclusive) and the Security Documents to which it is a party.

34.18 **Application of certain clauses to Security Agent**

(a) Clauses 34.6 (*Rights and discretions of the Agent*), 34.8 (*Responsibility for documentation and other matters*), 34.9 (*Exclusion of liability*), 34.10 (*Lenders' indemnity to the Agent*), 34.11 (*Resignation of the Agent*), 45 (*Confidentiality*), 34.13 (*Relationship with the Lenders and Hedging Providers*), 34.14 (*Credit appraisal by the Lenders and Hedging Providers*) and 34.16 (*Deduction from amounts payable by the Agent*) shall each extend so as to apply to the Security Agent in its capacity as such and for that purpose each reference to the "Agent" in these clauses shall extend to include in addition a reference to the "Security Agent" in its capacity as such and, in clause 34.6 (*Rights and discretions of the Agent*), references to the Lenders and a group of Lenders shall refer to the Agent.

(b) In addition, clause 34.11 (*Resignation of the Agent*) shall, for the purposes of its application to the Security Agent pursuant to clause 34.18(a), have the following additional sub-clause:

At any time after the appointment of a successor, the retiring Security Agent shall do and execute all acts, deeds and documents reasonably required by its successor to transfer to it (or its nominee, as it may direct) any property, assets and rights previously vested in the retiring Security Agent pursuant to the Security Documents and which shall not have vested in its successor by operation of law. All such acts, deeds and documents shall be done or, as the case may be, executed at the cost of the retiring Security Agent (except where the Security Agent is retiring under clause 34.11 (*Resignation of the Agent*) as extended to it by clause 34.18(a), in which case such costs shall be borne by the Lenders (in proportion (if no part of the Loan is then outstanding) to their shares of the Total Commitments or (at any other time) to their participations in the Loan).

34.19 **Instructions to Security Agent**

(a) The Security Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Agent; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.

(b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Agent as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives those instructions or that clarification.

(c) Unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Agent shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) The Security Agent may refrain from acting in accordance with any instructions of the Agent until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.

(e) In the absence of instructions, the Security Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.

(f) The Security Agent is not authorised to act on behalf of a Lender or any Hedging Provider (without first obtaining that Lender's or the relevant Hedging Provider's consent) in any legal or arbitration proceedings relating to any Finance Document. This clause 34.19(f) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Security Documents.

34.20 **Order of application**

(a) The Security Agent agrees to apply the Trust Property and each other beneficiary of the Security Documents agrees to apply all moneys received by it in the exercise of its rights under the Security Documents in accordance with the following respective claims:

(i) **first**, as to a sum equivalent to the amounts payable to the Security Agent under the Finance Documents (excluding any amounts received by the Security Agent pursuant to clause 34.10 (*Lenders' indemnity to the Agent*) as extended to the Security Agent pursuant to clause 34.18 (*Application of certain clauses to Security Agent*), for the Security Agent absolutely;

(ii) **secondly**, as to a sum equivalent to the aggregate amount then due and owing to the other Finance Parties (except the Hedging Providers) under the Finance Documents (except any Hedging Contracts), for those Finance Parties (except the Hedging Providers) absolutely, and pro-rata to the amounts owing to them under the Finance Documents (except any Hedging Contracts);

(iii) **thirdly**, until such time as the Security Agent is satisfied that all obligations owed to the Finance Parties (except the Hedging Providers) have been irrevocably and unconditionally discharged in full, held by the Security Agent on a suspense account for payment of any further amounts owing to the Finance Parties (except the Hedging Providers) under the Finance Documents (except any Hedging Contracts) and further application in accordance with this clause 34.20(a) as and when any such amounts later fall due;

(iv) **fourthly**, as to a sum equivalent to the aggregate net amount then due to the Hedging Providers but unpaid under any Hedging Contracts, for the Hedging Providers absolutely, and pro rata to the net amounts owing to them under those Hedging Contracts;

(v) **fifthly**, to such other persons (if any) as are legally entitled thereto in priority to the Obligors; and

(vi) **sixthly**, as to the balance (if any), for the Obligors by or from whom or from whose assets the relevant amounts were paid, received or recovered or other person entitled to them.

(b) The Security Agent and each other beneficiary of the Security Documents shall make each application as soon as is practicable after the relevant moneys are received by, or otherwise become available to, it save that (without prejudice to any other provision contained in any of the Security Documents) the Security Agent (acting on the instructions of the Agent), any other beneficiary of the Security Documents or any receiver or administrator may credit any moneys received by it to a suspense account for so long and in such manner as the Security Agent, such other beneficiary of the Security Documents or such receiver or administrator may from time to time determine with a view to preserving the rights of the Finance Parties or any of them to prove for the whole of their respective claims against the Borrower or any other person liable.

(c) The Security Agent and/or any other beneficiary of the Security Documents shall obtain a good discharge in respect of the amounts expressed to be due to the other Finance Parties as referred to in this clause 34.17 by distributing the same in accordance with clause 37 (*Payment mechanics*).

34.21 **Powers and duties of the Security Agent as trustee of the security**

In its capacity as trustee in relation to the Trust Property, the Agent:

(a) shall, without prejudice to any of the powers, discretions and immunities conferred upon trustees by law (and to the extent not inconsistent with the provisions of this Agreement or any of the Security Documents), have all the same powers and discretions as a natural person acting as the beneficial owner of such property and/or as are conferred upon the Security Agent by this Agreement and/or any Security Document but so that the Security Agent may only exercise such powers and discretions to the extent that it is authorised to do so by the provisions of this Agreement;

(b) shall (subject to clause 34.17 (*Order of application*)) be entitled (in its own name or in the names of nominees) to invest moneys from time to time forming part of the Trust Property or otherwise held by it as a consequence of any enforcement of the security constituted by any Finance Document which, in the reasonable opinion of the Security Agent, it would not be practicable to distribute immediately, by placing the same on deposit in the name or under the control of the Security Agent as the Security Agent may think fit without being under any duty to diversify the same and the Security Agent shall not be responsible for any loss due to interest rate or exchange rate fluctuations except for any loss arising from the Security Agent's gross negligence or wilful misconduct;

(c) may, in the conduct of its obligations under and in respect of the Security Documents (otherwise than in relation to its right to make any declaration, determination or decision), instead of acting personally, employ and pay any agent (whether being a lawyer or any other person) to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Agent (including the receipt and payment of money) and on the basis that (i) any such agent engaged in any profession or

business shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner or employee of his or her in connection with such employment and (ii) the Security Agent shall not be bound to supervise, or be responsible for any loss incurred by reason of any act or omission of, any such agent if the Security Agent shall have exercised reasonable care in the selection of such agent; and

(d) may place all deeds and other documents relating to the Trust Property which are from time to time deposited with it pursuant to the Security Documents in any safe deposit, safe or receptacle selected by the Security Agent exercising reasonable care or with any firm of solicitors or company whose business includes undertaking the safe custody of documents selected by the Security Agent exercising reasonable care and may make any such arrangements as it thinks fit for allowing Obligors access to, or its solicitors or auditors possession of, such documents when necessary or convenient and the Security Agent shall not be responsible for any loss incurred in connection with any such deposit, access or possession if it has exercised reasonable care in the selection of a safe deposit, safe, receptacle or firm of solicitors or company (save that it shall take reasonable steps to pursue any person who may be liable to it in connection with such loss).

34.22 **All enforcement action through the Security Agent**

(a) None of the other Finance Parties shall have any independent power to enforce any of those Security Documents which are executed in favour of the Security Agent only or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to such Security Documents or otherwise have direct recourse to the security and/or guarantees constituted by such Security Documents except through the Security Agent.

(b) None of the other Finance Parties shall have any independent power to enforce any of those Security Documents which are executed in their favour or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to such Security Documents or otherwise have direct recourse to the security and/or guarantees constituted by such Security Documents except through the Security Agent. If any Finance Party (other than the Security Agent) is a party to any Security Document it shall promptly upon being requested by the Agent to do so grant a power of attorney or other sufficient authority to the Security Agent to enable the Security Agent to exercise any rights, discretions or powers or to grant any consents or releases under such Security Document.

34.23 **Co-operation to achieve agreed priorities of application**

The other Finance Parties shall co-operate with each other and with the Security Agent and any receiver or administrator under the Security Documents in realising the property and assets subject to the Security Documents and in ensuring that the net proceeds realised under the Security Documents after deduction of the expenses of realisation are applied in accordance with clause 34.20 (*Order of application*).

34.24 **Indemnity from Trust Property**

(a) In respect of all liabilities, costs or expenses for which the Obligors are liable under this Agreement, the Security Agent and each Affiliate of the Security Agent and each officer or employee of the Agent or its Affiliate (each a **Relevant Person**) shall be entitled to be indemnified out of the Trust Property in respect of all liabilities, damages, costs, claims, charges or expenses whatsoever properly incurred or suffered by such Relevant Person:

(i) in the execution or exercise or bona fide purported execution or exercise of the trusts, rights, powers, authorities, discretions and duties created or conferred by or pursuant to the Finance Documents;

(ii) as a result of any breach by an Obligor of any of its obligations under any Finance Document;

(iii) in respect of any Environmental Claim made or asserted against a Relevant Person which would not have arisen if the Finance Documents had not been executed; and

(iv) in respect of any matter or thing done or omitted in any way in accordance with the terms of the Finance Documents relating to the Trust Property or the provisions of any of the Finance Documents.

(b) The rights conferred by this clause 34.24 are without prejudice to any right to indemnity by law given to trustees generally and to any provision of the Finance Documents entitling the Security Agent or any other person to an indemnity in respect of, and/or reimbursement of, any liabilities, costs or expenses incurred or suffered by it in connection with any of the Finance Documents or the performance of any duties under any of the Finance Documents. Nothing contained in this clause 34.24 shall entitle the Security Agent or any other person to be indemnified in respect of any liabilities, damages, costs, claims, charges or expenses to the extent that the same arise from such person's own gross negligence or wilful misconduct.

34.25 **Finance Parties to provide information**

The other Finance Parties shall provide the Security Agent with such written information as it may reasonably require for the purposes of carrying out its duties and obligations under the Security Documents and, in particular, with such necessary directions in writing so as to enable the Security Agent to make the calculations and applications contemplated by clause 34.17 (*Order of application*) above and to apply amounts received under, and the proceeds of realisation of, the Security Documents as contemplated by the Security Documents, clause 37.5 (*Partial payments*) and clause 34.17 (*Order of application*).

34.26 **Release to facilitate enforcement and realisation**

Each Finance Party acknowledges that pursuant to any enforcement action by the Security Agent (or a Receiver) carried out on the instructions of the Agent it may be desirable for the purpose of such enforcement and/or maximising the realisation of the Charged Property being enforced against, that any rights or claims of or by the Security Agent (for the benefit of the Finance Parties) and/or any Finance Parties against any Obligor and/or any Security Interest over any assets of any Obligor (in each case) as contained in or created by any Finance Document, other than such rights or claims or security being enforced, be released in order to facilitate such enforcement action and/or realisation and, notwithstanding any other provision of the Finance Documents, each Finance Party hereby irrevocably authorises the Security Agent (acting on the instructions of the Agent) to grant any such releases to the extent necessary to fully effect such enforcement action and realisation including, without limitation, to the extent necessary for such purposes to execute release documents in the name of and on behalf of the Finance Parties. Where the relevant enforcement is by way of disposal of membership interests in an Owner, the requisite release shall include releases of all claims (including under guarantees) of the Finance Parties and/or the Security Agent against such Owner and of all Security Interests over the assets of such Owner.

34.27 **Undertaking to pay**

Each Obligor which is a Party undertakes with the Security Agent on behalf of the Finance Parties that it will, on demand by the Security Agent, pay to the Security Agent all money from time to time owing, and discharge all other obligations from time to time incurred, by it under or in connection with the Finance Documents.

34.28 **Additional trustees**

The Security Agent shall have power by notice in writing to the other Finance Parties and the Borrower to appoint any person approved by the Borrower (such approval not to be unreasonably withheld or delayed) either to act as separate trustee or as co-trustee jointly with the Security Agent:

(a) if the Security Agent reasonably considers such appointment to be in the best interests of the Finance Parties;

(b) for the purpose of conforming with any legal requirement, restriction or condition in any jurisdiction in which any particular act is to be performed; or

(c) for the purpose of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction against any person of a judgment already obtained,

and any person so appointed shall (subject to the provisions of this Agreement) have such rights (including as to reasonable remuneration), powers, duties and obligations as shall be conferred or imposed by the instrument of appointment. The Security Agent shall have power to remove any person so appointed. At the request of the Security Agent, the other parties to this Agreement shall forthwith execute all such documents and do all such things as may be required to perfect such appointment or removal and each such party irrevocably authorises the Security Agent in its name and on its behalf to do the same. Such a person shall accede to this Agreement as a Security Agent to the extent necessary to carry out their role on terms satisfactory to the Security Agent and (subject always to the provisions of this Agreement) have such trusts, powers, authorities, liabilities and discretions (not exceeding those conferred on the Security Agent by this Agreement and the other Finance Documents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment (being no less onerous than would have applied to the Security Agent but for the appointment). The Security Agent shall not be bound to supervise, or be responsible for any loss incurred by reason of any act or omission of, any such person if the Security Agent shall have exercised reasonable care in the selection of such person.

34.29 **Non-recognition of trust**

It is agreed by all the parties to this Agreement that:

(a) in relation to any jurisdiction the courts of which would not recognise or give effect to the trusts expressed to be constituted by this clause 34, the relationship of the Security Agent and the other Finance Parties shall be construed as one of principal and agent, but to the extent permissible under the laws of such jurisdiction, all the other provisions of this Agreement shall have full force and effect between the parties to this Agreement; and

(b) the provisions of this clause 34 insofar as they relate to the Security Agent in its capacity as trustee for the Finance Parties and the relationship between themselves and the Security Agent as their trustee may be amended by agreement between the other Finance Parties and the Security Agent. The Security Agent may amend all documents necessary to effect the alteration of the relationship between the Security Agent and the other Finance Parties and each such other party irrevocably authorises the Security Agent in its name and on its behalf to execute all documents necessary to effect such amendments.

35 Conduct of business by the Finance Parties

35.1 Finance Parties tax affairs

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

35.2 Finance Parties acting together

Notwithstanding clause 2.3 (*Finance Parties' rights and obligations*), if the Agent makes a declaration under clause 30.22 (*Acceleration*) the Agent shall, in the names of all the Finance Parties, take such action on behalf of the Finance Parties and conduct such negotiations with the Borrower and any Group Members and generally administer the Facility in accordance with the wishes of the Majority Lenders. All the Finance Parties shall be bound by the provisions of this clause and no Finance Party shall be entitled to take action independently against any Obligor or any of its assets without the prior consent of the Majority Lenders.

This clause shall not override clause 34 (*Roles of Agent, Security Agent and Arrangers*) as it applies to the Security Agent.

35.3 Majority Lenders

(a) Where any Finance Document provides for any matter to be determined by reference to the opinion of, or to be subject to the consent, approval or request of, the Majority Lenders or for any action to be taken on the instructions of the Majority Lenders (a **majority decision**), such majority decision shall (as between the Lenders) only be regarded as having been validly given or issued by the Majority Lenders if all the Lenders shall have received prior notice of the matter on which such majority decision is required and the relevant majority of Lenders shall have given or issued such majority decision. However (as between any Obligor and the Finance Parties) the relevant Obligor shall be entitled (and bound) to assume that such notice shall have been duly received by each Lender and that the relevant majority shall have been obtained to constitute Majority Lenders when notified to this effect by the Agent whether or not this is the case.

(b) If, within ten Business Days of the Agent despatching to each Lender a notice requesting instructions (or confirmation of instructions) from the Lenders or the agreement of the Lenders to any amendment, modification, waiver, variation or excuse of performance for the purposes of, or in relation to, any of the Finance Documents, the Agent has not received a reply specifically giving or confirming or refusing to give or confirm the relevant instructions or, as the case may be, approving or refusing to approve the proposed amendment, modification, waiver, variation or excuse of performance, then (irrespective of whether such Lender responds at a later date) the Agent shall treat any Lender which has not so responded as having indicated a desire to be bound by the wishes of 60 per cent. of those Lenders (measured in terms of the total Commitments of those Lenders) which have so responded.

(c) For the purposes of clause 35.3(b), any Lender which notifies the Agent of a wish or intention to abstain on any particular issue shall be treated as if it had not responded.

(d) Clauses 35.3(b) and 35.3(c) shall not apply in relation to those matters referred to in, or the subject of, clause 43.2 (*Exceptions*).

35.4 **Conflicts**

(a) The Borrower acknowledges that any Arranger and its parent undertaking, subsidiary undertakings and fellow subsidiary undertakings (together an **Arranger Group**) may be providing debt finance, equity capital or other services (including financial advisory services) to other persons with which the Borrower may have conflicting interests in respect of the Facility or otherwise.

(b) No member of an Arranger Group shall use confidential information gained from any Obligor by virtue of the Facility or its relationships with any Obligor in connection with their performance of services for other persons. This shall not, however, affect any obligations that any member of an Arranger Group has as Agent in respect of the Finance Documents. The Borrower also acknowledges that no member of an Arranger Group has any obligation to use or furnish to any Obligor information obtained from other persons for their benefit.

(c) The terms **parent undertaking**, **subsidiary undertaking** and **fellow subsidiary undertaking** when used in this clause have the meaning given to them in sections 1161 and 1162 of the Companies Act 2006.

36 Sharing among the Finance Parties

36.1 **Payments to Finance Parties**

If a Finance Party (a **Recovering Finance Party**) receives or recovers any amount from an Obligor other than in accordance with clause 37 (*Payment mechanics*) (a **Recovered Amount**) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with clause 37 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with clause 37.5 (*Partial payments*).

36.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the **Sharing Finance Parties**) in accordance with clause 37.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

36.3 **Recovering Finance Party's rights**

On a distribution by the Agent under clause 36.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

36.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the **Redistributed Amount**); and

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

36.5 **Exceptions**

(a) This clause 36 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings in accordance with the terms of this Agreement, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 11 - ADMINISTRATION

37 Payment mechanics

37.1 Payments to the Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document (other than a Hedging Contract), that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

37.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to clause 37.3 (*Distributions to an Obligor*) and clause 37.4 (*Clawback*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency.

37.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with clause 38 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

37.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

37.5 Partial payments

(a) If the Agent receives a payment for application against amounts due under the Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:

(i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses (ignoring any fees payable under clause 11 (*Fees*)) of the Agent, the Security Agent or the Arrangers under those Finance Documents;

(ii) **secondly**, pro rata in or towards payment to the Lenders pro rata of any amount owing to the Lenders under clause 34.10 (*Lenders' indemnity to the Agent*) (including but not limited to any amount resulting from the indemnity to the Security Agent under clause 34.18 (*Application of certain clauses to the Security Agent*);

(iii) **thirdly**, pro-rata in or towards payment to the Lenders pro rata of any accrued interest, fee or commission or other amounts due to them but unpaid under the Finance Documents;

(iv) **fourthly**, in or towards payment to the Lenders pro rata of any principal which is due but unpaid under the Finance Documents;

(v) **fifthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents (except any Hedging Contracts); and

(vi) **sixthly**, pro-rata in or towards payment to the Hedging Providers of any net amounts due to them but unpaid under any Hedging Contracts;

(b) The Agent shall, if so directed by all the Lenders and the Hedging Providers, vary the order set out in paragraphs (ii) to (v) of clause 37.5(a).

(c) Clauses 37.5(a) and 37.5(b) above will override any appropriation made by an Obligor.

37.6 **No set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

37.7 **Business Days**

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

37.8 **Payments on demand**

For the purposes of clause 30.1 and subject to the Agent's right to demand interest under clause 8.4, payments on demand shall be treated as paid when due if paid within three Business Days of demand.

37.9 **Currency of account**

(a) Subject to clauses 37.9(b) to 37.9(c), dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of all or part of a Loan or an Unpaid Sum and each payment of interest shall be made in dollars on its due date.

(c) Each payment in respect of the amount of any costs, expenses or Taxes or other losses shall be made in dollars and, if they were incurred in a currency other than dollars, the amount payable under the Finance Documents shall be the equivalent in dollars of the relevant amount in such other currency on the date on which it was incurred.

(d) All moneys received or held by the Security Agent or by a Receiver under a Security Document in a currency other than dollars may be sold for dollars and the Obligor which executed that Security Document shall indemnify the Security Agent against the full cost in relation to the sale. Neither the Security Agent nor such Receiver will have any liability to that Obligor in respect of any loss resulting from any fluctuation in exchange rates after the sale.

37.10 **Change of currency**

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

37.11 **Disruption to Payment Systems etc.**

If either the Agent determines (in its discretion) that a Payment Disruption Event has occurred or the Agent is notified by the Borrower that a Payment Disruption Event has occurred:

(a) the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the Agent may deem necessary in the circumstances;

(b) the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(d) any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Payment Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of clause 43 (*Amendments and grant of waivers*);

(e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause 37.11; and

(f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

38 Set-off

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

39 Notices

39.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

39.2 Addresses

The address, and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Obligor or Finance Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of any Obligor which is a Party, that identified with its name in Part 1 of Schedule 1 (*The original parties*);

(b) in the case of any Obligor which is not a Party, that identified in any Finance Document to which it is a party;

(c) in the case of the Agent, the Security Agent and any other original Finance Party that identified with its name in Part 1 of Schedule 1 (*The original parties*); and

(d) in the case of each Lender or other Finance Party, that notified in writing to the Agent on or prior to the date on which it becomes a Party in the relevant capacity,

or, in each case, any substitute address, fax number, or department or officer as an Obligor or Finance Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

39.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under clause 39.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or the Security Agent and then only if it is expressly marked for the attention of the department or officer identified in Part 1 of Schedule 1 (*The original parties*) (or any substitute department or officer as the Agent or the Security Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Borrower in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

39.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to clause 39.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

39.5 **Electronic communication**

(a) Any communication or document to be made or delivered by one Party to another under or in connection with the Finance Documents may be made or delivered by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

(b) Any such electronic communication or document as specified in paragraph (a) above to be made between an Obligor and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication or delivery.

(c) Any such electronic communication or document as specified in paragraph (a) above made or delivered by one Party to another will be effective only when actually received (or made available) in readable form and, in the case of any electronic communication or document made or delivered by a Party to the Agent or the Security Agent, only if it is addressed in such a manner as the Agent or the Security Agent shall specify for this purpose.

(d) Any electronic communication or document which becomes effective, in accordance with paragraph (c) above, after 5:00 p. m. in the place in which the Party to whom the relevant communication or document is sent or made available has its address for the purpose of this Agreement or any other Finance Document shall be deemed only to become effective on the following day.

(e) Any reference in a Finance Document to a communication being sent or received or a document being delivered shall be construed to include that communication or document being made available in accordance with this clause 39.5.

39.6 **English language**

(a) Any notice given under or in connection with any Finance Document shall be in English.

(b) All other documents provided under or in connection with any Finance Document shall be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

40 Calculations and certificates

40.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

40.2 **Certificates and determinations**

Any certification or determination by the Agent of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

40.3 **Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Interbank Market differs, in accordance with that market practice.

41 Partial invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

42 Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in the Finance Documents are cumulative and not exclusive of any rights or remedies provided by law.

43 Amendments and grant of waivers

43.1 Required consents

(a) Subject to clause 43.2 (*Exceptions*) and clause 43.4 (*Replacement of Screen Rate*), any term of the Finance Documents may be amended or waived with the written consent of the Agent (acting on the instructions of the Majority Lenders and, if it affects the rights and obligations of the Agent or the Security Agent, the consent of the Agent or the Security Agent) and any such amendment or waiver agreed or given by the Agent will be binding on the other Finance Parties.

(b) The Agent may (or in the case of the Security Documents, instruct the Security Agent to) effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause.

43.2 Exceptions

(a) An amendment, waiver or discharge or release that has the effect of changing or which relates to:

(i) the definition of "Majority Lenders" in clause 1.1 (*Definitions*);

(ii) the definition of "Availability Period" in clause 1.1 (*Definitions*);

(iii) the definition of "Flag State" in clause 1.1 (*Definitions*);

(iv) the definition of "Restricted Party", "Sanctions Authority", "Sanctions Laws", or "Sanctions List" in clause 1.1 (*Definitions*);

(v) an extension to the date of payment of any amount under the Finance Documents;

(vi) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable or the rate at which they are calculated;

(vii) an increase in, or an extension of, any Commitment;

(viii) a change to the Borrower or any other Obligor;

(ix) any provision which expressly requires the consent or approval of all the Lenders;

(x) clause 2.3 (*Finance Parties' rights and obligations*), clause 18.34 (*Sanctions*), clause 19.7 (*Sanctions information*), clause 21.13 (*Sanctions*), clause 23.6(c) (*Maintenance of class; compliance with laws and codes*), clause 32 (Changes to the Lenders), clause 36.1 (Payments to Finance Parties) or this clause 43;

(xi) the approval of the Facility Extension pursuant to clause 6.2 (*Extension of Facility*);

(xii) the order of distribution under clause 37.5 (*Partial payments*);

(xiii) the order of distribution under clause 34.17 (*Order of application*);

(xiv) this clause 43.2(a);

(xv) the currency in which any amount is payable under any Finance Document;

(xvi) the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Security Documents are distributed;

(xvii) the nature or scope of the guarantee and indemnity granted under clause 17 (*Guarantee and Indemnity*); or

(xviii) the circumstances in which the security constituted by the Security Documents are permitted or required to be released under any of the Finance Documents,

shall not be made without the prior consent of all the Lenders.

(b) Amendments to or waivers in respect of the Hedging Contracts may only be agreed by the relevant Hedging Provider.

(c) An amendment or waiver which relates to the rights or obligations of the Agent, the Security Agent or the Arrangers in their respective capacities as such (and not just as a Lender) may not be effected without the consent of the Agent, the Security Agent or the Arrangers (as the case may be).

(d) Notwithstanding clauses 43.1 and 43.2(a) to 43.2(c) (inclusive), the Agent may make technical amendments to the Finance Documents arising out of manifest errors on the face of the Finance Documents, where such amendments would not prejudice or otherwise be adverse to the interests of any Finance Party without any reference or consent of the Finance Parties.

43.3 **Releases**

Except with the approval of all of the Lenders or as is expressly permitted or required by the Finance Documents, the Agent shall not have authority to authorise the Security Agent to release:

(a) any Charged Property from the security constituted by any Security Document; or

(b) any Obligor from any of its guarantee or other obligations under any Finance Document.

43.4 **Replacement of Screen Rate**

(a) Subject to clauses 43.2(b) and 43.2 (c) (*Exceptions*), if a Screen Rate Replacement Event has occurred in relation to any Screen Rate, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Benchmark in relation to that currency in place of that Screen Rate; and

(ii)

(A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Benchmark;

(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

(b) If, as at 31 August 2021, this Agreement provides that the rate of interest for a Loan is to be determined by reference to the Screen Rate for LIBOR:

(i) a Screen Rate Replacement Event shall be deemed to have occurred on that date in relation to the Screen Rate; and

(ii) the Agent, (acting on the instructions of the Majority Lenders) and the Borrower shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark in place of that Screen Rate from and including a date no later than 31 October 2021.

(c) If any Lender fails to respond to a request for an amendment or waiver described in, or for any other vote of Lenders in relation to, paragraphs (a) or (b) above within ten Business Days (or such longer time period in relation to any request which the Borrower and the Agent may agree) of that request being made:

(i) its Commitment or its participation in the Loan (as the case may be) shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

43.5 Except with the approval of all of the Lenders or as is expressly permitted or required by the Finance Documents, the Agent shall not have authority to authorise the Security Agent to release:

(a) any Charged Property from the security constituted by any Security Document; or

(b) any Obligor from any of its guarantee or other obligations under any Finance Document.

43.6 **Disenfranchisement of Defaulting Lenders**

(a) For so long as a Defaulting Lender has any undrawn Commitments, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its undrawn Commitments.

(b) For the purposes of this clause 43.6, the Agent may assume that the following Lenders are Defaulting Lenders:

(c) any Lender which has notified the Agent that it has become a Defaulting Lender; and

(d) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of Defaulting Lender has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

43.7 **Replacement of a Defaulting Lender**

(a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving 20 Business Days' prior written notice to the Agent and such Lender replace such Lender by requiring such Lender to (and to the extent permitted by law such Lender shall) assign pursuant to clause 32 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a **Replacement Lender**) selected by the Borrower, and which is acceptable to the Agent (acting reasonably) and which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender's participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Loans and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(b) Any assignment by a Defaulting Lender pursuant to this clause shall be subject to the following conditions:

(i) the Borrower shall have no right to replace the Agent;

(ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a Replacement Lender;

(iii) the transfer must take place no later than 14 days after the notice referred to in clause 43.7(a) above; and

(iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

44 Counterparts

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

45 Confidentiality

45.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by clause 45.2 (*Disclosure of Confidential Information*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

45.2 Disclosure of Confidential Information

Any Finance Party may disclose:

(a) to any of its Affiliates and any of its or their officers, directors, employees, professional advisers, insurance and reinsurance advisors, insurance and reinsurance brokers, insurers and reinsurers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this clause 45.2 (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Agent, and, in each case, to any of that person's Affiliates, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation or risk mitigation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Representatives and professional advisers;

(iii) appointed by any Finance Party or by a person to whom clause 45.2(b)(i) or 45.2(b)(ii) applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under clause 34.13 (*Relationship with the Lenders and Hedging Providers*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in clause 45.2(b)(i) or 45.2(b)(ii);

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates security (or may do so) pursuant to clause 32.8 (*Security over Lenders' rights*);

(viii) who is a Party; or

(ix) with the consent of the Borrower,

in each case, such Confidential Information as that Finance Party shall consider appropriate; and

(c) to any person appointed by that Finance Party or by a person to whom clauses 45.2(b)(i) or 45.2(b)(ii) applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this clause 45.2(c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party;

45.3 **Entire agreement**

This clause 45 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

45.4 **Inside information**

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

45.5 **Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by applicable law) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to clause 45.2(v) (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that clause during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this clause 45 (*Confidentiality*).

45.6 **Continuing obligations**

The obligations in this clause 45 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceases to be a Finance Party.

SECTION 12 - GOVERNING LAW AND ENFORCEMENT

46 Governing law

This Agreement and any non-contractual obligations connected with it are governed by English law.

47 Enforcement

47.1 Jurisdiction of English courts

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement or any non-contractual obligations connected with it (including a dispute regarding the existence, validity or termination of this Agreement) (a **Dispute**).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This clause 47.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

47.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, each Obligor which is a Party:

(a) irrevocably appoints the person named in Part 1 of Schedule 1 (*The original parties*) as that Obligor's English process agent as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document;

(b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned; and

(c) if any person appointed as process agent for an Obligor is unable for any reason to act as agent for service of process, that Obligor must immediately (and in any event within ten days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Schedule 1
The parties

Part 1 – The original parties

Borrower

Name:	Navigator Gas L.L.C.
Jurisdiction of formation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	961263
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

The Parent

Name of Parent	Navigator Holdings Ltd
Jurisdiction of incorporation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	29140
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

The Original Lenders and their Commitments

Name	Address and fax number / email	Total Commitments ($)
Nordea Bank Abp, filial i Norge	Address: Essendrops gate 7 0368 Oslo Norway Credit Matters: Magnus Løvstad (magnus.lovstad@nordea.com) Helge Leikvang (helge.leikvang@nordea.com) Agency Matters agency.soosid@nordea.com Administration / Operation Matters: Email: sls.shipping.norway@nordea.com Attn: Structured Loan & Collateral Services	60,000,000
ABN AMRO Bank N.V.	Address: Coolsingel 93, 3012 AE Rotterdam Attention: Dien Quan E-mail: loket.leningenadministratie.ccs@nl.abnamro.com	46,250,000
BNP Paribas S.A.	Address: 35 rue de la Gare 75019, Paris, France Attention: BOCI CFI 2 TEAM; CTM Shipping; Melissa Doucoure; Michael Neel E-mail: paris.cib.boci.cfi.2@bnpparibas.com; melissa.doucoure@bnpparibas.com; michael.neel@bnpparibas.com	26,250,000

Name		Address and fax number / email	Total Commitments ($)
ING Bank N.V., London Branch	Address: Attention: E-mail:	8-10 Moorgate, London, EC2R 6DA Deal Execution Team execution@ing.com	26,250,000
National Australia Bank	Address: Attention: E-mail:	Level 21, 500 Bourke Street, Melbourne VIC 3000 Specialised Transaction Management Wholesale.Banking.Transaction.Management.Group@nab.com.au	26,250,000
Credit Agricole Corporate and Investment Bank	Address: Attention: E-mail:	12, place des Etats-Unis, 92547 Montrouge Cedex, France Clémentine COSTIL / Cyprien FOULFOIN clementine.costil@ca-cib.com; cyprien.foulfoin@cacib.com	25,000,000
Total			**210,000,000**

The Agent

Name	**Nordea Bank Abp, filial i Norge**
Facility Office, address, fax number and attention details for notices and account details for payments	Address: Essendrops gate 7, 0368 Oslo, Norway Attention: Loan Agency Team Norway Email: agency.soosid@nordea.com Account details for payments: Pay to: Nordea Bank Abp, filial i Norge Swift No: NDEANOKK For Account of: Nordea Bank Abp, filial i Norge, Structured Loan & Collateral Services Swift No: BOFAUS3N Account: 6550168948

The Security Agent

Name	**Nordea Bank Abp, filial i Norge**	
Facility Office, address, fax number and attention details for notices and account details for payments	Address: Essendrops gate 7, 0368 Oslo, Norway	
	Attention:	Loan Agency Team Norway
	Email:	agency.soosid@nordea.com
	Account details for payments:	
	Pay to:	Nordea Bank Abp, filial i Norge
	Swift No:	NDEANOKK
	For Account of:	Nordea Bank Abp, filial i Norge, Structured Loan & Collateral Services
	Swift No:	BOFAUS3N
	Account:	6550168948

The Sustainability Agent

Name	**ABN AMRO Bank N.V.**	
Facility Office, address, fax number and attention details for notices	Address:	Coolsingel 93, 3012 AE Rotterdam
	Attention:	Dien Quan
	Tel:	+31 (0)10 40156 39
	E-mail:	loket.leningenadministratie.ccs@nl.abnamro.com

Part 2 – The Owners and, together with the Parent, the Guarantors

Name of Owner	Navigator Eclipse L.L.C.
Jurisdiction of formation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	963494
Ship	Navigator Eclipse
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

Name of Owner	Navigator Nova L.L.C.
Jurisdiction of formation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	963491
Ship	Navigator Nova
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	C/O NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

Name of Owner	Navigator Prominence L.L.C.
Jurisdiction of formation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	963490
Ship	Navigator Prominence
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

Name of Owner	Navigator Yauza L.L.C.
Jurisdiction of formation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	963493
Ship	Navigator Yauza
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	C/O NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

Name of Owner	Navigator Luga L.L.C.
Jurisdiction of formation	Republic of the Marshall Islands
Registration number (or equivalent, if any)	963495
Ship	Navigator Luga
English process agent	NGT Services (UK) Limited
Registered office	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands
Address for service of notices	NGT Services (UK) Limited 10 Bressenden Place London SW1E 5DH England Attention: Niall Nolan Fax Number: 020 7340 4858

Schedule 2

Ship information

Owner:	Navigator Eclipse L.L.C.
Ship Name:	Navigator Eclipse
Official Number	17410
Flag State:	Liberia
Port of Registry	Monrovia
Classification:	+A1, Liquefied Gas Carrier, (E),+AMS, +ACCU, SH, SHCM, RELIQ, TCM, RRDA, UWILD, BWE
Classification Society:	American Bureau of Shipping
Major Casualty Amount	$2,000,000
Owner:	Navigator Nova L.L.C.
Ship Name:	Navigator Nova
Official Number	17411
Flag State:	Liberia
Port of Registry	Monrovia
Classification:	+A1, Liquefied Gas Carrier, (E),+AMS, +ACCU, SH, SHCM, RELIQ, TCM, RRDA, UWILD, BWE
Classification Society:	American Bureau of Shipping
Major Casualty Amount	$2,000,000
Owner:	Navigator Prominence L.L.C.
Ship Name:	Navigator Prominence
Official Number	17412
Flag State:	Liberia
Port of Registry	Monrovia
Classification:	+A1, Liquefied Gas Carrier, (E),+AMS, +ACCU, SH, SHCM, RELIQ, TCM, RRDA, UWILD, BWE
Classification Society:	American Bureau of Shipping
Major Casualty Amount	$2,000,000

Owner:	Navigator Yauza L.L.C.
Ship Name:	Navigator Yauza
Official Number	17416
Flag State:	Liberia
Port of Registry	Monrovia
Classification:	+100A1, Liquefied Gas Carrier, Ship Type 2G, +LMC, UMS, +Lloyd's RMC (LG), *IWS, Ice-Class 1B FS, LI, Shipright(CM,SDA,ACS(B)) Shipright(SCM, IHM)
Classification Society:	Lloyds Register of Shipping
Major Casualty Amount	$2,000,000

Owner:	Navigator Luga L.L.C.
Ship Name:	Navigator Luga
Official Number	17417
Flag State:	Liberia
Port of Registry	Monrovia
Classification:	+100A1, Liquefied Gas Carrier, Ship Type 2G, +LMC, UMS, +Lloyd's RMC (LG), *IWS, Ice-Class 1B FS, LI, Shipright(CM,SDA,ACS(B)) Shipright(SCM, IHM)
Classification Society:	Lloyds Register of Shipping
Major Casualty Amount	$2,000,000

Schedule 3

Conditions precedent

Part 1

Conditions precedent to the first Utilisation Request

1 Obligors' corporate documents

(a) A copy of the Constitutional Documents of each Obligor.

(b) A copy of a resolution of the board of directors of each Obligor (or any committee of such board empowered to approve and authorise the following matters) and, if applicable, a copy of a resolution of the shareholders and/or members of each Obligor:

(i) approving the terms of, and the transactions contemplated by, the Finance Documents or any Charter (**Relevant Documents**) to which it is a party and resolving that it execute the Relevant Documents;

(ii) authorising a specified person or persons to execute the Relevant Documents on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Relevant Documents to which it is a party.

(c) If applicable, a copy of a resolution of the board of directors of the relevant company, establishing any committee referred to in paragraph (b) above and conferring authority on that committee.

(d) A copy of the passport of each person authorised by the resolution referred to in paragraph (b) above.

(e) A certificate of the Parent (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on any Obligor to be exceeded.

(f) A copy of any power of attorney under which any person is to execute any of the Relevant Documents on behalf of any Obligor.

(g) A certificate of an authorised signatory of the Parent certifying that each copy document relating to it specified in this Part of this Schedule is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement and that any such resolutions or power of attorney have not been revoked.

(h) For each Obligor, a certificate of goodstanding from the registrar of corporations in the jurisdiction of its incorporation or organisation.

2 Legal opinions

(a) A legal opinion of Norton Rose Fulbright LLP, London addressed to the Arrangers and the Agent on matters of English law, substantially in the form approved by the Agent (acting on the instructions of the Lenders) prior to signing this Agreement.

(b) A legal opinion of the legal advisers to the Arrangers and the Agent in each jurisdiction in which an Obligor is incorporated or, as the case may be, formed and/or which is or is to be the Flag State of a Mortgaged Ship, each substantially in the form approved by the Agent (acting on the instructions of the Lenders) prior to the first Loan to be made for the Facility under this Agreement.

3 Other documents and evidence

(a) Evidence that any process agent referred to in clause 47.2 (*Service of process*) or any equivalent provision of any other Finance Document entered into on or before the first Utilisation Date has accepted its appointment.

(b) A copy of any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

(c) The Original Financial Statements.

(d) Evidence that the fees, commissions, costs and expenses then due from the Borrower pursuant to clause 11 (*Fees*) and clause 16 (*Costs and expenses*) have been paid or will be paid by the first Utilisation Date.

4 Earnings Account

Evidence that the Earnings Account has been opened and established, that the Account Security in respect of the Earnings Account has been executed and delivered by the Borrower in favour of the Security Agent and that any notice required to be given to an Account Bank under that Account Security has been given to it and acknowledged by it in the manner required by that Account Security and that an amount has been credited to it.

5 "Know your customer" information

Such documentation and information as any Finance Party may reasonably request through the Agent to comply with "know your customer" or similar identification procedures under all laws and regulations applicable to that Finance Party.

6 Subordination Agreement

If applicable, a Subordination Agreement, duly executed by the relevant Group Members.

7 Structure of the Borrower and Owners

Evidence in form and substance satisfactory to the Agent of the Borrower's and the Owners' ownership and financial structure.

8 Material Adverse Effect

Confirmation in a form and substance satisfactory to the Agent that:

(a) since 31 December 2019 nothing has occurred in relation to any Obligor which had, or could reasonably be expected to have, a Material Adverse Effect; and

(b) there is no litigation pending or threatened against any Obligor which has, or could reasonably be expected to have, a Material Adverse Effect.

9 No Conflict

Confirmation, in a form and substance satisfactory to the Agent that this Agreement and the transactions contemplated in connection with it do not and will not cause any conflict with, or any default under, any material agreement to which the Obligors are party to.

10 Consents and Approvals

(a) A certificate from an officer of the Borrower that no consents, authorisations, licences or approvals are necessary for the Borrower to authorise or are required by the Borrower in connection with the borrowing by the Borrower of the Loans pursuant to this Agreement or the execution, delivery and performance of the Borrower's Security Documents; and

(b) a certificate from an officer of each Obligor (other than the Borrower) that no consents, authorisations, licences or approvals are necessary for such Obligor to guarantee and/or grant security for the borrowing by the Borrower of the Commitment pursuant to this Agreement and execute, deliver and perform the Security Documents insofar as such Obligor is a party thereto.

Part 2

Ship and security conditions precedent

1 Corporate documents

(a) A certificate of an authorised signatory of the Borrower and the relevant Owner certifying that each copy document relating to it specified in Part 1 of this Schedule remains correct, complete and in full force and effect as at a date no earlier than a date approved for this purpose and that any resolutions or power of attorney referred to in Part 1 of this Schedule in relation to it have not been revoked or amended.

(b) A certificate of an authorised signatory of each other Obligor which is party to any of the Security Documents required to be executed at or before Delivery of the relevant Ship certifying that each copy document relating to it specified in Part 1 of this Schedule remains correct, complete and in full force and effect as at a date no earlier than a date approved for this purpose and that any resolutions or power of attorney referred to in Part 1 of this Schedule in relation to it have not been revoked or amended.

(c) For the Borrower, a certificate of goodstanding from:

(i) the registrar of corporations in the jurisdiction of its incorporation or organisation; and

(ii) the Ministry of Foreign Affairs in the Republic of Liberia certifying the Borrower as a Liberian Foreign Maritime Entity or such equivalent certification (to extent available) from the appropriate government entity of the Flag State of the relevant Ship.

2 Existing Credit Facility

Evidence that at the time of the first Utilisation the proceeds of the Loan will be used to prepay the Existing Credit Facility in full and that the security granted in respect of the Ships will be discharged, release and/or reassigned (as applicable).

3 Guarantees

The Shipowner Guarantees duly executed by each Owner.

4 Security

(a) The Mortgage and the General Assignment in respect of each Ship.

(b) Any Charter Assignment then required in respect of the relevant Ship pursuant to the Finance Documents duly executed by the relevant Owner.

(c) Manager’s Undertakings in respect of each Ship duly executed by the relevant manager.

(d) Duly executed notices of assignment and acknowledgements of those notices as required by any of the above Security Documents.

(e) The LLC Interests Security in respect of each of the Owners duly executed by the Borrower together with all letters, transfers, certificates and other documents required to be delivered under the LLC Interests Security.

5 Delivery and registration of Ship

(a) Evidence that each Ship:

(i) is legally and beneficially owned by the relevant Owner and permanently registered in the name of the relevant Owner through the relevant Registry as a ship under the laws and flag of the relevant Flag State;

(ii) is operationally seaworthy and in every way fit for service;

(iii) is classed with the relevant Classification free of all requirements and recommendations of the relevant Classification Society;

(iv) is insured in the manner required by the Finance Documents;

(v) has been delivered, and accepted for service, under its Charter (if any);

(vi) is free of any other charter commitment which would require approval under the Finance Documents; and

(vii) is free from registered liens and encumbrances other than the relevant Mortgage.

6 Mortgage registration

Evidence that the Mortgage in respect of the relevant Ship has been provisionally registered with first preferred status against the relevant Ship through the relevant Registry under the laws and flag of the relevant Flag State.

7 Insurance

In relation to the relevant Ship's Insurances:

(a) an opinion from insurance consultants appointed by the Agent on such Insurances;

(b) evidence that such Insurances have been placed in accordance with clause 24 (*Insurance*); and

(c) evidence that approved brokers, insurers and/or associations have issued or will issue letters of undertaking in favour of the Security Agent in an approved form in relation to the Insurances.

8 ISM and ISPS Code

Copies of:

(a) the document of compliance issued in accordance with the ISM Code to the person who is the operator of the relevant Ship for the purposes of that code;

(b) the safety management certificate in respect of such Ship issued in accordance with the ISM Code;

(c) the international ship security certificate in respect of such Ship issued under the ISPS Code; and

(d) if so requested by the Agent, any other certificates issued under any applicable code required to be observed by such Ship or in relation to its operation under any applicable law.

9 Charter

(a) A copy, certified by an approved person to be a true and complete copy, of any Charter in relation to the relevant Ship.

(b) If a Charter Assignment is then required in relation to the relevant Ship pursuant to the Finance Documents the Borrower shall procure (using reasonable commercial efforts) such evidence as the Agent may require as to the due incorporation of the relevant Charterer and any other party to the Charter Documents (other than an Obligor).

10 Fees and expenses

Evidence that the fees, commissions, costs and expenses that are due from the Borrower pursuant to clause 11 (*Fees*) and clause 16 (*Costs and expenses*) have been paid or will be paid by the relevant Utilisation Date.

11 Environmental matters

If and when the Ship is to trade to the United States after its Delivery, evidence that the relevant Ship has the required certificate to trade in the United States as required under United States law in respect of the relevant Ship from an approved person.

12 Management Agreement

Where any Managers (other than any internal Manager) have been approved in accordance with clause 22.4 (*Manager*), a copy, certified by an approved person to be a true and complete copy, of the agreement between the relevant Owner and the relevant Manager relating to the appointment of the Manager.

13 Value of Security

Valuations (dated not more than 30 days before the relevant Utilisation Date (or such earlier date approved by the Agent)) of all the Ships, prepared by two (2) Approved Brokers, made on the basis of, and in accordance with clause 25 (*Minimum security value*), in each case made at the cost and expense of the Borrower showing the Borrower is in compliance with 25.12 (*Security shortfall*).

14 Legal Opinions

(a) To the extent not previously provided pursuant to Schedule 3, Part 1, a legal opinion of Norton Rose Fulbright LLP, London addressed to the Arrangers and the Agent on matters of English law, substantially in the form approved by the Agent (acting on the instructions of the Lenders) prior to signing this Agreement.

(b) To the extent not previously provided pursuant to Schedule 3, Part 1, a legal opinion of the legal advisers to the Arrangers and the Agent in each jurisdiction in which an Obligor is incorporated or formed and/or which is or is to be the Flag State of a Mortgaged Ship, each substantially in the form approved by the Agent (acting on the instructions of the Lenders) prior to first Loan to be made for the Facility under this Agreement.

Schedule 4
Utilisation Request

From: **Navigator Gas L.L.C.**

To: [**name of Agent**] as Agent (for and on behalf of the Finance Parties)

Dated: [●]

Dear Sirs

$210,000,000

Facility Agreement dated [●] (the Agreement)

2 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

3 We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	**[●] (or, if that is not a Business Day, the next Business Day)**
Amount:	$ [●]
Interest Period:	[one][three][six] months

4 We confirm that each condition specified in clause 4.4 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.

5 The purpose of this Loan is [**specify purpose complying with clause 3 of the Agreement**] and its proceeds] [The proceeds of the Loan] should be credited to [●] [**specify account**].

6 This Utilisation Request is irrevocable.

7 [**First Utilisation of facility:** All of the representations and warranties set out in clause 18 (*Representations*) are correct at the date of this Utilisation Request] / [**Subsequent Utilisation of facility:** The Repeating Representations, (being each of the representations and warranties set out in the Agreement at clauses 18.1 (*Status*) to 18.10 (*Ranking and effectiveness of Security Documents*) (except for clauses 18.7 (*Information*) and 18.8 (*Original Financial Statements*)) are correct at the date of this Utilisation Request.]

Yours faithfully

……

authorised signatory for
Navigator Gas L.L.C.

Schedule 5
Form of Transfer Certificate

To: [●] as Agent (for and on behalf of the Finance Parties)

From: *[single Existing Lender:* [**The Existing Lender**] (the **Existing Lender**)*] [multiple Existing Lenders:* [**Existing Lender**] [and/,] [**Existing Lender**] [and [**Existing Lender**]] (together, the **Existing Lenders**)*]* and [**The New Lender**] (the **New Lender**)

Dated:

$210,000,000 Facility Agreement dated [●] (the Agreement)

8 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

9 We refer to clause 32.6 (*Procedure for transfer*):

(a) *[multiple Existing Lenders:* Each of the*] [single Existing Lender:* The*]* Existing Lender*[multiple Existing Lenders:* s*]* and the New Lender agree to the Existing Lender*[multiple Existing Lenders:* s*]* assigning to the New Lender all or part of the Existing *[single Existing Lender:* Lender's*] [multiple Existing Lenders:* Lenders' respective*]* Commitment rights and assuming the Existing *[single Existing Lender:* Lender's*] [multiple Existing Lenders:* Lenders' respective*]* obligations referred to in the Schedule in accordance with clause 32.6 (*Procedure for transfer*) and *[multiple Existing Lenders:* each of the*] [single Existing Lender:* the*]* Existing Lender *[multiple Existing Lenders:* s*]* assigns and agrees to assign such rights to the New Lender with effect from the Transfer Date.

(b) The proposed Transfer Date is [•].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 39.2 (*Addresses*) are set out in the Schedule.

10 The New Lender expressly acknowledges the limitations on *[multiple Existing Lenders:* each of*]* the Existing *[single Existing Lender:* Lender's*] [multiple Existing Lenders:* Lenders' respective*]* obligations set out in clause 32.5(c).

11 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

12 This Transfer Certificate and any non-contractual obligations connected with it are governed by English law.

The Schedule

Commitment/rights to be assigned and obligations to be assumed

[***insert relevant details for each Existing Lender, in particular (having regard to clause 32.2(c))***]

Facility Office address, fax number

and attention details for notices and account details for payments

[***insert relevant details***]

[***Existing Lender***]	[[***Existing Lender***]	[[***Existing Lender***]	[***New Lender***]
By:	By:]	By:]	By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed to be as stated above.

[***Agent***]

By:

Schedule 6

Form of Compliance Certificate

To: [●] as Agent (for and on behalf of the Finance Parties)
From: Navigator Holdings Ltd
Dated: [●]

Dear Sirs

$210,000,000

Facility Agreement dated [●] (the Agreement)

13 [I/We] refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

14 [I/We] confirm that with respect to the latest financial quarter of the Group ending on [•]:

(a) Cash and cash equivalents was at all times, including the ending balance of $[•], not less than the minimum required amount of the greater of (i) $35,000,000 and (ii) 5% of the Total Indebtedness, calculated as shown in Appendix B; and

(b) the ratio of Total Stockholders' Equity to Total Assets was [•]%, calculated as shown in Appendix B, versus the minimum required level of not less than 30%.

15 [I/We] confirm that Security Value is $[•], calculated pursuant to the attached valuations dated [• and such date not older than 30 days from the date of this Compliance Certificate], versus the required Minimum Value of $[•], as shown in Appendix C.

16 [I/We confirm that no Default is continuing.] [**If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.**]

17 All the representations and warranties set out in clause 18 (*Representations*) are correct at the date of this Certificate.

Signed by:

_____

[**Chief Financial Officer**] of Navigator Holdings Ltd

Schedule 7

Form of Increase Confirmation

To: [**name of Agent**] as Agent (for and on behalf of the Finance Parties)

and

Navigator Gas L.L.C.

From: [**the Increase Lender**] (the **Increase Lender**)

Dated: [•]

$210,000,000

Facility Agreement dated [●] (the Agreement)

18 We refer to the Agreement. This is an Increase Confirmation. Terms defined in the Agreement have the same meaning in this Increase Confirmation unless given a different meaning in this Increase Confirmation.

19 We refer to clause 2.2 (*Increase*).

20 The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the **Relevant Commitment**) as if it was an Original Lender under the Agreement.

21 The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the **Increase Date**) is [•].

22 On the Increase Date, the Increase Lender becomes party to the Finance Documents as a Lender.

23 The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of clause 39.2 (*Addresses*) are set out in the Schedule.

24 The Increase Lender expressly acknowledges the limitations on the Lenders' obligations referred to in clause 2.2(g).

25 This Increase Confirmation may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Increase Confirmation.

26 This Increase Confirmation and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

The Schedule

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Increase Confirmation is accepted as an Increase Confirmation for the purposes of the Agreement by the Agent and the Increase Date is confirmed as [•].

Agent (on behalf of itself and the other Finance Parties)

By:

Navigator Gas L.L.C.

By:

Navigator Holdings Ltd

By:

Schedule 8
Scheduled Reduction Amounts

Repayment Date	Reduction Amount	Reduced Facility Amount
		$ 210,000 000.00
31 December 2020	$ 7,397,506.18	$ 202,602,493.82
30 June 2021	$ 7,397,506.18	$ 195,204,987.65
31 December 2021	$ 7,397,506.18	$ 187,807,481.47
30 June 2022	$ 7,397,506.18	$ 180,409,975.29
31 December 2022	$ 7,397,506.18	$ 173,012,469.12
30 June 2023	$ 7,397,506.18	$ 165,614,962.94
31 December 2023	$ 7,397,506.18	$ 158,217,456.76
30 June 2024	$ 7,397,506.18	$ 150,819,950.59
		$150,819,950.59

Schedule 9

Sustainability Margin Adjustment

1 In this Schedule 9:

AER: Shall mean the average efficiency ratio as calculated per the Poseidon Principles as follows:

$$AER = \frac{\Sigma Ci}{\Sigma \text{DWT x D}i}$$

Where C_i is the carbon emissions for voyage i computed using the fuel consumption and carbon factor of each type of fuel, DWT is the design deadweight of a vessel, and D_i is the distance travelled on voyage *i*. The AER is computed for all voyages performed over a calendar year.

Annex VI: Shall mean Annex VI of the Protocol of 1997 (as subsequently amended from time to time) to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

Fleet: Shall mean all vessels owned, whether directly or indirectly, by the Parent.

Fleet Carbon Intensity Certificate(s): Shall mean the certificate(s) from a Recognised Organisation (or such other person approved by the Sustainability Agent) relating to each vessel in the Fleet and a calendar year setting out the AER of a Vessel for all voyages performed by it over that calendar year using ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI in respect of that calendar year.

Fleet Sustainability Score: Shall mean the weighted average of all Vessel Sustainability Scores based on Vessel Weighting.

Owned Days: Shall mean, for a given Vessel in the Fleet, the number of days in a calendar year that such Vessel is owned, whether directly or indirectly, by the Parent.

Poseidon Principles: Shall mean the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published on 18 June 2019, as the same may be amended or replaced from time to time.

Sustainability Certificate Shall mean a certificate signed by the Chief Financial Officer of the Borrower substantially in the form set out in Schedule 10 (*Form of Sustainability Certificate*) or any other form satisfactory to the Sustainability Agent, that shows to the satisfaction of the Sustainability Agent the calculation of the Fleet Sustainability Score and sets forth the Sustainability Margin Adjustment.

Trajectory Value: The median climate alignment score of a vessel type and size in a given year per Schedule I, as set out in the Poseidon Principles.

Vessel: Shall mean any vessel in the Fleet.

Vessel Sustainability Score: Shall mean, for a given Vessel in the Fleet, calculated as:

$$\frac{AER}{Trajectory\ Value}$$

As evidenced by the relevant Fleet Carbon Intensity Certificate(s).

Vessel Weighting: Shall mean, for a given Vessel in the Fleet, the product of Owned Days and the respective Vessel DWT.

2 The Borrower shall furnish to the Agent, within [90] days after the end of each calendar year, a Sustainability Certificate for the prior calendar year.

3 Each calendar year, the Margin shall increase or decrease subject to achievement against the Fleet Sustainability Score targets (defined in the table below) (rounded to two decimal places) and provided in the Sustainability Certificate for the prior calendar year (the **Sustainability Margin Adjustment**). The Sustainability Margin Adjustment will take place on the date falling 10 Business Days following the delivery on the applicable Sustainability Certificate. The Sustainability Margin Adjustment will apply as follows:

Fleet Sustainability Score Target 202[[1]/[2]]	Fleet Sustainability Score Target 202[[2]/[3]]	Fleet Sustainability Score Target 202[[3]/[4]]	Sustainability Margin Adjustment in following calendar year
Fleet Sust. Score ≥ [*TBD*][1]	Fleet Sust. Score ≥ [*TBD*]	Fleet Sust. Score ≥ [*TBD*]	Margin + 0.05%
[*TBD*] ≤ Fleet Sust. Score < [*TBD*]	[*TBD*] ≤ Fleet Sust. Score < [*TBD*]	[*TBD*] ≤ Fleet Sust. Score < [*TBD*]	Margin +/- nil
[*TBD*] ≤ Fleet Sust. Score < [*TBD*]	[*TBD*] ≤ Fleet Sust. Score < [*TBD*]	[*TBD*] ≤ Fleet Sust. Score < [*TBD*]	Margin – 0.05%

4 The Sustainability Margin Adjustment shall at no time exceed 0.05% as a decrease or an increase from the Margin.

5 If the Borrower fails to furnish a Sustainability Certificate, the Sustainability Margin Adjustment shall increase by 0.05%. For the avoidance of doubt, the Borrower may elect not to furnish a Sustainability Certificate and such election will not constitute a Default or an Event of Default.

[1] Specific targets and figures to be finalised between the Sustainability Agent and the Borrower.

Schedule 10

Form of Sustainability Certificate

To: [●] as Agent (for and on behalf of the Finance Parties)

From: **Navigator Gas L.L.C.**

Dated: [●]

Dear Sirs

$210,000,000

Facility Agreement dated [●] (the Agreement)

1 We refer to the Agreement. This is a Sustainability Certificate. Terms defined in the Agreement have the same meaning when used in this Sustainability Certificate unless given a different meaning in this Sustainability Certificate.

2 We confirm that, as at the date hereof:

(a) the calculation of the Fleet Sustainability Score for the present calendar year ending [31 December 202][•] as evidenced by the Fleet Carbon Intensity Certificates, is as follows:

[•]

(b) the calculation of the Fleet Sustainability Score for the prior calendar year ending [31 December 202[•], as evidenced by the Fleet Carbon Intensity Certificates, was as follows:

[•]

(c) accordingly the Sustainability Margin Adjustment is as follows: [•]

3 We confirm that no Default is continuing.

Signed by:

_____

Chief Financial Officer of **Navigator Gas L.L.C.**

SIGNATURES

THE BORROWER

SIGNED by ELLA VRIES)
for and on behalf of)
NAVIGATOR GAS L.L.C. **)**
pursuant to a power of attorney)
dated 10 September 2020)

/s/ Ella Vries
Attorney-in-Fact

THE PARENT

SIGNED by ELLA VRIES)
for and on behalf of)
NAVIGATOR HOLDINGS LTD **)**
pursuant to a power of attorney)
dated 10 September 2020)

/s/ Ella Vries
Attorney-in-Fact

THE MANDATED LEAD ARRANGERS

SIGNED by)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE **)**

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
ABN AMRO BANK N.V. **)**

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
NATIONAL AUSTRALIA BANK **)**

/s/ Quincy Chan
Quincy Chan
Asset Finance and Leasing
Authorised signatory

SIGNED by)
for and on behalf of)
BNP PARIBAS S.A.)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
ING BANK N.V., LONDON BRANCH **)**

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK **)**

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

THE BOOKRUNNER

SIGNED by)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

THE LENDERS

SIGNED by)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
ABN AMRO BANK N.V.)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
NATIONAL AUSTRALIA BANK)

/s/ Quincy Chan
Quincy Chan
Asset Finance and Leasing

SIGNED by)
for and on behalf of)
BNP PARIBAS S.A.)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
ING BANK N.V., LONDON BRANCH)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

SIGNED by)
for and on behalf of)
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

THE AGENT
SIGNED by)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

THE SECURITY AGENT
SIGNED by)
for and on behalf of)
NORDEA BANK ABP, FILIAL I NORGE)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

THE SUSTAINABILITY AGENT
SIGNED by)
for and on behalf of)
ABN AMRO BANK N.V.)

/s/ Oliver Webber
Oliver Webber
Attorney-in-Fact

Exhibit 8.1

Subsidiaries of Navigator Holdings Ltd

Corporation Name	Percentage Ownership as of December 31, 2019	Percentage Ownership as of December 31, 2020	Country of Incorporation	Subsidiary of Limited Liability Company
- Navigator Gas US L.L.C.	100%	100%	Delaware (USA)	Service company
- Navigator Gas L.L.C.	100%	100%	Marshall Islands	Holding company
~ Navigator Aries L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Atlas L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Aurora L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Centauri L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Ceres L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Ceto L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Copernico L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Capricorn L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Eclipse L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Europa L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Galaxy L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Gemini L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Genesis L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Glory L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Grace L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Gusto L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Jorf L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Leo L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Libra L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Luga L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Magellan L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Mars L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Neptune L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Nova L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Oberon L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Pegasus L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Phoenix L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Prominence L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Saturn L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Scorpio L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Taurus L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Triton L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Umbrio L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Venus L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Virgo L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ Navigator Yauza L.L.C.	100%	100%	Marshall Islands	Vessel-owning company
~ NGT Services (UK) Ltd	100%	100%	England	Service company
~ NGT Services (Poland) Sp. z.o.o.	100%	100%	Poland	Service company
~ Navigator Gas Ship Management Ltd.	100%	100%	England	Service company
~ Falcon Funding PTE Ltd	100%	100%	Singapore	Service company
~ Navigator Gas Invest Ltd	100%	100%	England	Investment company
- PT Navigator Khatulistiwa	49%	49%	Indonesia	Vessel-owning company
~ Navigator Terminals L.L.C.	100%	100%	Marshall Islands	Investment company
~ Navigator Terminal Invest Ltd	100%	100%	England	Investment company
- Navigator Ethylene Terminals L.L.C.	100%	100%	Delaware (USA)	Investment company

Exhibit 12.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dr Henry Deans, Principal Executive Officer, certify that:

I have reviewed this annual report on Form 20-F of Navigator Holdings Ltd. (the "company");

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

3. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

4. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 17, 2021

By: /s/ Harry Deans
Name: Dr. Harry Deans
Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 12.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Niall Nolan, Principal Financial Officer, certify that:

I have reviewed this annual report on Form 20-F of Navigator Holdings Ltd. (the "company");

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

3. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

4. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 17, 2021

By: /s/ Niall Nolan
Name: Niall Nolan
Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 13.1

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Navigator Holdings Ltd., a Marshall Islands company (the "Company"), hereby certifies that:

The Annual Report on Form 20-F for the year ended December 31, 2019 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 17, 2021

By: /s/ Harry Deans
Name: Dr. Harry Deans
Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 13.2

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Navigator Holdings Ltd., a Marshall Islands company (the "Company"), hereby certifies that:

The Annual Report on Form 20-F for the year ended December 31, 2019 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 17, 2021

By: /s/ Niall Nolan
Name: Niall Nolan
Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-197321) pertaining to the 2013 Long-Term Incentive Plan of Navigator Holdings Ltd. of our reports dated May 17, 2021, with respect to the consolidated financial statements of Navigator Holdings Ltd. and the effectiveness of internal control over financial reporting of Navigator Holdings Ltd., included in this Annual Report (Form 20-F) for the year ended December 31, 2020.

/s/ Ernst & Young LLP

London, United Kingdom

May 17, 2021

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Navigator Holdings Ltd.:

We consent to the incorporation by reference in the registration statement (No. 333-197321) on Form S-8 of Navigator Holdings Ltd. of our report dated April 1, 2019, with respect to the consolidated statements of operations, comprehensive income, stockholders' equity and cash flows of Navigator Holdings Ltd. for the year ended December 31, 2018, and the related notes, which report appears in the December 31, 2020 annual report on Form 20-F of Navigator Holdings Ltd.

/s/ KPMG LLP

London, United Kingdom

May 17, 2021

Exhibit 15.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 197321 on Form S-8 of our report dated February 12, 2021, relating to the financial statements of Enterprise Navigator Ethylene Terminal LLC appearing in this Annual Report on Form 20-F for the year ended December 31, 2020.

/s/ Deloitte & Touche LLP

Houston, Texas

May 17, 2021

Offices

LONDON

The Verde
10 Bressenden Place
London SW1E 5DH
UK
+44 (0)20 7340 4850
+44 (0)20 7340 4858

GDYNIA

MAG Centrum B Building
ul. Wendy 15, 81-341
Gdynia
Poland
+48 58 351 40 85

Stock Data

NYSE Symbol: NVGS

www.navigatorgas.com

NAVIGATOR GAS