Corporate Report

a report by
Höegh LNG

Höegh LNG was incorporated as a separate company, effective as of 30 June 2006. This separation process established Höegh LNG as an independent shipping company, which represents an important building-block in the efforts to best position the company for continued growth. Höegh LNG's active growth strategy focuses on innovative and new technical solutions, as well as selected conventional shipping projects.

Vision

- HLNG shall be a first-class provider of competitive, high-quality Liquefied Natural Gas (LNG) transportation and floating terminal services.

Mission

- To develop, manage and operate the company's LNG assets to the highest technical and commercial standards, thereby maximising the interests of its customers, owners and employees.

Höegh LNG believes that the best way to offer customers added value is through combining our company's technical expertise and experience with an innovative spirit to offer a differentiated product that fits each customer's specific needs. Examples are the shuttle and regasification vessels (SRVs) and the floating storage and regasification unit (FSRU), both developed when Höegh LNG saw the need for alternative LNG-receiving terminal solutions based on floating offshore structures. Höegh LNG also actively pursues conventional shipping tenders, but on a very selective basis.

The Neptune Project and SRV

The SRV is an LNG vessel with on-board LNG vaporisers, and the ability to connect to an underwater bouy system for discharging the vaporized LNG directly into a pipeline system. The SRV system, designed and developed by Höegh LNG, is a safe, reliable and environmentally sound LNG regasification vessel system. An SRV project normally encompasses a twin mooring and unloading buoy system, an offshore pipeline and with three SRVs it allows for continuous delivery of regasified LNG.

The Neptune Project is a deep water port (DWP) project for the delivery and regasification of LNG 11 miles off of the coast of Massachusetts to meet New England's growing demand for natural gas. Neptune consists of three SRVs, an offshore terminal with two buoys, and associated pipelines to shore. Neptune LNG, a subsidiary of Suez, filed an application for a DWP licence with the US Coast Guard in February 2005, and a final decision on the application is expected by the end of 2006, or early 2007.

In order to meet the project start-up of fourth quarter 2009, Höegh and its partner Mittsui O.S.K. (MOL) placed an order for two plus one SRVs at Samsung Heavy Industries in Korea in April 2006. These vessels are the most advanced of its kind, and will be able to meet the most stringent environmental conditions in the world.

As part of the Höegh LNG's growth strategy, the company is currently developing similar projects in Europe, as well as in the US.

Höegh FSRU

An FSRU is a semi-permanent floating offshore LNG-receiving terminal that allows offshore discharge of traditional LNG carriers, either through conversion of an existing LNG carrier or by using a new building. Conversion studies of our own vessels have been performed and no showstoppers have been identified.

LNG is pumped from the tanks and sent to regasification units mounted on the deck of the FSRU. There are several technical solutions for the mooring of the FSRU, and for the discharge of the regasified LNG into the gas grid. One of these is to connect the FSRU to a turret and swivel unloading buoy, which is connected to a riser and subsea pipeline, designed by APL and based on their North

Sea-proven standard triangulation language (STL) technology. The technical solution chosen will depend on the specifics of the site where the FSRU will be placed.

If the solution chosen is an STL buoy, the FSRU will be capable of disconnecting from the mooring buoy without assistance to move to a dry docking yard; in case of hurricanes or extreme weather conditions, this can be done within about two hours. It may also be relocated for commercial reasons to a new position, permanently or seasonally.

The main benefit of an FSRU is that it can be constructed within 36 months. Assuming a 12-month permitting and design process, and two months' transit time from its construction site, a total of 50 months is foreseen from start to finish of such a project.

Other FSRU Advantages

- cost competitive;
- minimal environmental footprint; and
- technical and commercial flexibility.

Arctic Vessels

Höegh LNG has also used technological solutions to improve standard LNG vessels to better fit their environment. One example is the two of the four new vessels constructed for the Snøhvit LNG project - the *Arctic Princess* and the *Arctic Lady*. These are the only vessels specifically designed for trading in North Atlantic and Arctic conditions currently in operation.

Conclusions

Höegh LNG is a company with extensive shipping experience, but also high ambitions to have continuous innovation in operations and new technological solutions, to ensure we can offer new, competitive and high-quality services to customers:

- Höegh LNG wants to stand out;
- Höegh LNG wants to grow;
- Höegh LNG wants to lead; and
- Höegh LNG wants to be the reference. ■